FACTORS AFFECTING THE SURVIVAL OF FAMILY BUSINESS BEYOND THREE GENERATIONS: A CASE STUDY OF LEVIHOUSE CONSTRUCTION AND ENGINEERING LIMITED.

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF MANAGEMENT AND LEADERSHIP IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF BACHELORS OF DEVELOPMENT STUDIES OF THE MANAGEMENT UNIVERSITY OF AFRICA.

SEPTEMBER 2018

DECLARATION

Declaration by Student.

This research project is my original work and has not been presented for a degree in any other university.

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Beth Kanja Kithinji Date

ODL-BDS/4/00039/3/2014

Declaration by Supervisor

This research project has been submitted with my approval as Management University of Africa Supervisor.

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David Kanyanjua Date

Management University of Africa.

DEDICATION

This research project is dedicated to my family especially my husband and my lovely children for their support and encouragement through the long hours I put in, that enabled me to work on this research project to a successful end. May God bless you.

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ABSTRACT

The main purpose of this study was to assess factors affecting the survival of family business beyond three generations. Family owned businesses exist all over the world and some of the world's oldest firms are family owned. Most researchers overlook the family system in pursuit of family business studies and research. They inaccurately have presumed that the study of family business in general is sufficient to understand the factors that affect family business survival. The main purpose of this study was to establish factors affecting the survival of family business beyond three generations, focusing on Levi house Construction and Engineering Limited as the case study. The study was significant to the management of Levi house Construction and Engineering Limited, since the company was in its first generation and could gain great insights that would lead to better management .The research design for the study was descriptive design where quantitative research method was adopted. The population targeted for the study was 156 Employees comprising of family owners, family members, and non-family members. Data was analyzed using the Statistical Package for Social Sciences and data presented on tables, charts and figures. The findings from the study indicated that without succession planning, there would be low ability potential of the family members on ensuring the survival of family business beyond three generations and that family business owners not being ready to effect appropriate plans affects succession planning that is necessary for survival of family business beyond three generations. The study established on family conflict that rampant rivalry and competition among children causes family business conflict though not entirely. It was confirmed that induction is a necessary tool in motivating family business for higher performance of family members and other employees due to acquisition of basic skills in managing and running business. On family governance it was established that family governance cultivates trust that strengthens family relationship for business survival. Trust in family relationship can lead to blind faith and complacency that can be a risk to the survival of family business for three generations. The study made recommendations that there is need for establishment of factors that can lead to lack of succession planning in family business to have proper mechanism on how this can be ensured. The ways in which succession planning determines investment and performance of family business should be explored to have proper strategies on how to effect it. The study to be explored to determine the effects of rampant rivalry and competition among children on the survival of family business beyond three generations so as to come up with solutions to it. The study also recommended the family business stakeholders to know the kind of motivation induction has as a tool for higher family business performance and also the dangers of lack of induction in ensuring the survival of family business beyond three generations. Those families starting or newly in business should explore factors in which the family governance cultivates trust that strengthens family relationship for family business survival should be explored so as to ensure the right strategy is employed to achieve this.

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ACRONYMS AND ABBREVIATIONS

CEO:	Chief Executive Officer
REG NO	Registration Number
GDP	Gross Domestic Product
USA	United States of America

OPERATIONAL DEFINITION OF TERMS

Survival of business:

It means a business that continues to thrive during tough times, for example during recessions and financial declines, caused by natural catastrophes or terrorist attacks. The business still manages to remain afloat, pay staff and make substantial profit.

Family business:

A Family business is one that the family controls the business through involvement in ownership and management positions. Family involvement in ownership is measured as the percentage of equity held by family members while involvement in management is measured by the percentage of the firm's employees who are also family members.

Family conflict:

This happens when simultaneous pressures from both work and family domains are mutually incompatible to some extent, such that meeting the demands of one role makes it difficult to meet the demands of the other role

Succession planning:

This can be seen as the strategy for passing on leadership roles and often the ownership of a company to an employee or group of employees. Succession planning, also known as "replacement planning," ensures that businesses continue to run smoothly after a company's most important people move on to new opportunities, retire or pass away. It can also provide a liquidity event enabling the transfer of ownership in a going concern to rising employees

Family governance:

This entails the structures and processes families used to organize themselves and guide their relationship within their enterprise. When well-designed (and properly implemented), family governance can help set boundaries, create clarity, and result in greater harmony between family members.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The chapter presents the background of the study where it also explores the company or organization where the study will be done. Statement problem, objectives, research questions, the significance, scope and the limitation of the study. The entire study is anchored on this chapter.

1.1 Background of Study

Succession planning, in essence, is the art of grooming the next day's leaders these days. In fact, succession planning need to be part of every corporation's strategic plan. A vision which the corporation can be going in the destiny. Planning for the destiny is a key activity for any successful agency that is rationale upon preserving a solid and effective workforce. Succession planning is part of the strategic method of getting ready for the destiny of the organization (Mazzola, Marchisio, & Astrachan, 2010).Family owned agencies make a tremendous contribution to the social and economic welfare and development of societies, countries, and regions in the global. Family owned groups are a vital supply of wealth introduction and employment boom (Ward, 2014).

Cespedes and Galford (2011) write that family businesses make up forty percent of the Fortune 500 companies in the United States of America, generate about two thirds of the German Gross Domestic Product (GDP), employee about one-half of the labour force in Britain. The situation in developing countries is no different. In India seventy percent of the country's 250 largest private companies' sales and net profits are derived from dealing with family enterprises (Sharma and Rao, 2010). The contribution of family enterprises to the GDP of Asian nations is large, with the following rates: South Korea 48.2%, Malaysia 67.2%, and Taiwan 61.6%. Family owned business differ in many aspects including size (as measured by number of employees, sales, profits etc.), level of technology use, reach (with operations locally, nationally, regionally, or globally). Carsrud (2014) defines family owned businesses as ones in which both ownership and policy making are usually dominated by members of an "emotional kinship group". Daily and Dollinger (2011) concur with Carsud (2014) when they state that the common characteristic of family owned businesses is that the ownership cannot be separated from its management. Chrisman. (2009) define a family business as an enterprise managed with the primary motive of molding and pursuing the business vision of controlling members of a family or group of families in a manner that is likely to sustain and enhance that vision from generation to generation of the owning families. Ibrahim ET. al. (2013) state that one characteristic of family owned businesses is that the transfer of ownership to the next generation of family members is anticipated.

Long term sustenance of family business depends on its smooth survival across generations. Families that successfully survive three or four generations have a complex web of structures, agreements, councils and forms of accountability to manage their wealth (Jaffe and Lane 2014). This seems to be much more evident in the west compared to emerging economies such as India. Reflecting the complexity of the process involved, succession planning has been an area of keen interest for researchers. This could be for a variety of reasons. One, organizational transition from an entrepreneurial stage to a system driven, professionally managed firm is not easy (Churchill, 2013), and involves evolutions, revolutions and crisis (Greiner, 2009). Two, there is often a simultaneous process of transformation taking place in the family and business with the size of activities of both growing (Kepner 2011; Morris et al 2009; Sharma, Chrisman and Chua 2013).

Although ownership and management succession are the key concerns of a large number of business families, they do not devote enough attention to the process involved. Studies (Watts and Yucker, 2014) have reported that families hesitate to address this issue. Succession dilemma is also closely related to the family policy on entry of new generation, retirement of incumbents and mechanisms for resolving conflicts. A number of case studies on family business taught in leading business schools have brought out the critical role of open communication within the family in developing and sustaining harmony and growth. Entry of new members from the family depends also on the 'space' available in the organization, which in turn depends on the success of the business. While management literature on strategy is rich on vision, not much has been known about the need for synergizing values and vision of family and business on an ongoing basis. This is particularly so in a dynamic environment. Family business authors (eg.

Carlock and Ward, 2011) have developed approaches to strategy making in business and family. As discussed by Paisner (2009), developing a sustainable mechanism for business ownership that does not lead to inequitable wealth distribution and avoid amoebic type break up, is also an important area of concern. Paisner's idea of a trust route seems to be good, but needs to be empirically validated.

The survival of family businesses heavily depends on the founders' beliefs, role in establishing sustainable structures for growth and development that will hold upon their departure. The founder of the family businesses often displays entrepreneurial characteristics which include: need of achievement, internal locus of control, creativity, innovativeness, risk taking and social networking (Korunka, Frank, Lueger & Mugler, 2013). Unfortunately, most founders' demise means crisis and failure of their businesses due to lack future succession plans (Dyer, 2013). According to Lansberg (2009) company founders encounter psychological deterrents to succession planning as it may imply a letting go of power and their business control. As such, most founders avoid planning, worrying about the subsequent loss of identity, family harmony, and privacy. Yet without proper successors' processes and structures which ensure installing capable management and growth strategy, successful family successions rarely occur. Founders of family businesses favor more personal, direct, relationship-centered approaches to successional development and cultivation of healthy relationships with their prospective successors (Wang & Poutziouris, 2013). A unique characteristic of the family business is the presence of intertwining and reciprocal relationships and systems among the members and their businesses. This makes it difficult to distinguish between business operations and family operations (Sharma 2014). The complex web relationship includes personal financial affairs, family member affairs, power hierarchical relationships, blood ties, emotional attachment to business and inheritance procedures within that family and outside the family (Astrachan & Astrachan 2013).

Families are united over generations by their vision, values and emotional bondage. There is growing realization that families have a social role to fulfill and be responsible for specific activities including community development through charity (Gallo, 2014 and Grant Thornton, 2011). All the five family businesses studied here, like most other big groups, have their independent entities for charity in the form of trusts, often run by lady members of the family.

This is one way of giving recognition and occupation for ladies, who are not generally involved in business. There exist an unwritten rule in all the families studied here that daughters-in-law do not get involved in business while daughters anyway, go to their in-law’s house. The current generation shows signs of this rule changing, slowly.

According to a study by Allouche and Amam (2013) (as citied by Fattoum & Fayolle, 2009), 90 percent of U.S. firms are family-run and contribute between 30 and 60 percent of the GDP. In Western Europe countries, the contribution of small business to economic growth is between 45 percent and 65 percent. For South Africa, family businesses account for 50 percent of the economic growth (Fishman, 2009). In Kenya on the other hand, small and medium enterprises constitute about 96 percent of all registered business enterprises majority of which are owned by families (KPMG and Nation Media Group, 2014). The biggest challenge for these businesses is the fragile nature as they transit between generations. A cross examination of the Kenyan family business revealed that most of them face problem of inability to transit across generations. In fact, only one third of the businesses transit successfully to the second generation with only 10% to 15% of businesses surviving to the third generation (Birley, 1986; Miller, Steier, & Le Breton-Miller, 2013).

1.1.1 Levihouse Construction and Engineering Limited

Levihouse construction and engineering company limited began in the year 2007 when the founder Mr. Lawi G, who had worked in the residential/institutional construction business for ten years, began his own company. Since then, the company has grown steadily, working mostly on small scale residential and commercial projects while gaining a reputation for quality services and reliability. The company maintains a General building Contractor's license from the Ministry of Public Works and Housing, Reg No. BK3/13/3083.

Levihouse offers a comprehensive package of services designed to allow the client to work with one of the managers and create a project the company can carry forward to completion. Some of the myriad services Levihouse offers are: Design work, main contractors all inclusive works, civil work, Drive ways and drainage, remodelling and alterations, project Management, site preparation, carpentry and joinery, painting and Decoration, plumbing and utilities installation, interior/Exterior renovations, subcontractor assessment and evaluation, office partitions and mechanical works.

The company located at Mountain View estate-193 in Westlands Nairobi, projects to be the preferred partner in the Construction Industry by striving to offer the finest quality construction, site preparation, cost estimates, repair, and alteration to clients in need of both small and large scale construction services, whether it be residential developments, office buildings, warehouses, large apartment complexes, public works, etc. Levihouse maintains the highest standards of service in the commercial/residential construction industry.

1.2 Statement Problem

Most of the studies have been done on the family business challenges of survival in the next generations. A study done by Wallace and Bellingham (2009) established that most of the family business owners are in the aging group and their average age of business owners is estimated to be in the mid-50s, with a significant portion of them being over 60 years of age and are not willing to hand over to the younger family members. Battisti and Massey (2009) in their studies found that 34 per cent of owners intended on leaving their firms within the next five years, increasing to 64 per cent within the next ten years. This demographic profile could have profound consequences for individuals and the firm’s survivability.

Failure to have a successful transition exposes the individuals and the businesses to financial liabilities. This makes the survival of family businesses in the second and third generation the most difficult. Of interest now is whether the current business owners are planning to leave their business, some may close down the business but others may desire some form of business succession in terms of transferring the control and ownership of the business to someone else such as the family members, employees or external buyers. Literature tends to indicate that succession planning fosters business continuity and increases the probability of a successful continuity (Sharma et al., 2013). The studies explored have not explicitly established the factors that make the survival of family business beyond three generations difficult. In today’s knowledge management economy, exploring factors that hinders survival of family for the next three generations is crucial in order to establish remedies in advance.

Levihouse construction and engineering company limited is family owned business now establishing the mechanism at which the family business can be able to survive in several future generations. This became the pivotal reason in exploring the study in the organization to find out the challenges the business is filling to ensure survival. Therefore, it is for this reason that the study aimed to explore the factors affecting the survival of family business beyond three generations at Levihouse construction and engineering company limited.

1.3 Objectives of Study

The general objective of the study will be to assess the factors affecting the survival of family business beyond three generations in construction sector.

1.3.1 Specific Objectives

i. To establish the effects of succession planning on the survival of family business beyond three generations at Levihouse Construction and Engineering Limited.
ii. To determine the effects of family conflict on the survival of family business beyond three generations at Levihouse Construction and Engineering Limited.
iii. To establish the effects of induction of the next generation towards the survival of family business beyond three generations at Levihouse Construction and Engineering Limited.
iv. To determine the effects of family governance towards the survival of family business beyond three generations at Levihouse Construction and Engineering Limited.

1.4 Research Questions

i. What effects does succession planning have on the survival of family business beyond three generations at Levihouse Construction and Engineering Limited?
ii. How does family conflict affect the survival of family business beyond three generations at Levihouse Construction and Engineering Limited?
iii. What effects does induction have on the survival of family business beyond three generations at Levihouse Construction and Engineering Limited?
iv. How does family governance affect the survival of family business beyond three generations at Levihouse Construction and Engineering Limited?

1.5 Significance of Study

1.5.1 Levihouse Construction and Engineering Limited

The company being the family business, the management acquired very relevant information from the study for the strategies on how to ensure that the business survives for more than three next generations.

1.5.2 Other family business

The study was important for other family companies starting and even those in existence to identify the factors affecting the survival of such business and then get the right remedial measures to ensure continuity of the business to cover several generations.

1.5.3 Future Scholars

The study provided relevant information to the future researchers exploring studies related to this research study. The information and data provided them with necessary review to enable them identify gaps from which their studies would be premised on.

1.6 Scope of Study

The study assessed the factors affecting the survival of family businesses beyond three generations at Levihouse Construction and Engineering Limited located at Mountain View- 193 in Westlands Nairobi. This targeted the family managers, family supervisors and the non-family professionals employed in the family business. The study was done for duration of three month from June to end of August and targeted 156 employees.

1.7 Chapter Summary

The chapter explored the factors affecting the survival of the family businesses for the next three generations by presenting the background of the study giving the global context, but most importantly the Kenya scenario. Establishing the problem statement and then moving to the objectives of the study being succession planning, family conflict, and induction and grooming and then family governance. The objectives forms the research questions that the study will seek to answer. The chapter also presented the significance, scope and limitation of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter comprises of the theoretical review that discusses theories for the study, the empirical literature which discusses the studies related to the current study, the research gaps identified from the empirical studies, the conceptual framework and the operationalization of variables.

2.1 Theoretical Literature Review

2.1.1 Kouzes and Posner's Theory of Exemplary Leadership

Kouzes and Posner (2002) recognized five management practices and ten linked commitments that powerful leaders have. To version the way, powerful leaders expand and apprehend their very own voice. Leaders realize and articulate their morals, values, and ideals. A leader who models the manner uses his voice to share his unique vision rather than the ideas or imaginative and prescient of others. These leaders show a strong work ethic even as modeling a commitment to mission, vision, and goals. They set examples for people with whom they work. While modeling the manner, powerful leaders domesticate and facilitate a way of life wherein people are loyal and committed to the corporation. They take pleasure of their paintings and the work in their coworkers (Kouzes & Posner, 2002).

Powerful leaders share their private ideals even as running with colleagues to build and nurture a shared imaginative and prescient that focuses on the destiny and now not just the prevailing. They fee all components and work with them to envision a destiny photo of the corporation that displays that shared imaginative and prescient. These leaders are passionate examples of collaboration and desire. As Kouzes and Posner (2002a) said, "To get brilliant things accomplished in first rate instances, leaders have to inspire premiere performance-and which can handiest be fueled with wonderful emotions" (p. 31). Splendid leaders use the strength of power and motivation to inspire the ones around them. They work long hours and from time to time endure private sacrifice to encourage those round them to do the identical inside the name of a shared imaginative and prescient

Several researchers have spoken to the idea of shared vision and mission. They describe constructing this imaginative and prescient with numerous stakeholder groups which include mother and father, community, college students and group of workers. They speak approximately the vision informing the direction that the school or organisation takes towards non-stop development (Jarnagin, 2004; Kent, 2004). Effective leaders permit those around them to take the initiative with a spirit of collaboration and shared vision. They trust that there may be electricity in building on the power of every different. Kouzes and Posner (2002a) stated that, “Collaboration is the important competency for attaining and maintaining high overall performance” (p. 242). These leaders set up and model a climate of consider and this believe fosters a tradition of interdependence.

While encouraging the coronary heart, effective leaders are in track with the desires, efforts and successes of those round them. With an emphasis on the shared imaginative and prescient and goals of the agency, those leaders have a good time victories and the contributions of others. These celebrations symbolically constitute the power of the business enterprise and create fond memories that create loyalty to the organization and a determination to those shared goals and vision (Kouzes & Posner, 2002). As the chief makes a specialty of the shared vision and initiatives within the faculty, the popularity of the accomplishments and contributions of these in the school is so vital.

2.1.2 Game Theory

Game concept affords a framework for theoretically and empirically analyzing problems in family commercial enterprise succession. Game principle become established as a theoretical tool by means of von Neumann and Morgenstern (2004). The principle use of recreation principle is to version decisions and predict effects in interactions among actors, each of which is taken into consideration to have impartial sets of favored effects from the interactions, if you want to develop insights approximately the selections the ones actors are probable to make.

One of the maximum compelling topics in the look at of circle of relative's agencies is the succession of firm leadership and ownership from one generation to another. Ownership succession entails distributing shares or different measures of possession (i.e., partnership units) from a senior technology to junior generations, regularly taking area around retirement and estate-making plans events. Leadership succession entails moving responsibility for the ongoing control of an own family firm from individuals of a senior generation to participants of junior generations, specifically the changing a retiring CEO with a more youthful family member. A full-size a part of the own family business literature is dedicated to understanding why succession issues exist and the way to alleviate them. Scholars have addressed succession from the angle of succession procedures (Cabrera-Suarez, De Saa-Perez, & Garcia-Almeida, 2011; Garcia-Alvarez, Lopez-Sintas, & Gonzalvo, 2012; Sharma, Chrisman, & Chua, 2013), traits of founders (Ibrahim, Soufani, & Lam, 2011) and successors (Chrisman et al., 2008), the effect of organizational climate on succession (Davis & Harveston, 2008; Dunn, 2009; Morris, Williams, Jeffrey, & Avila, 2007; Sharma, Chrisman, Pablo, & Chua, 2011; Shepherd & Zacharakis, 2010), environmental conditions for succession (Bjuggren & Sund, 2011), and postsuccession performance (Miller, Steier, & Le Breton-Miller, 2013); see Brockhaus (2014) for an overview of the succession literature.

Succession processes may consist of modifications in management (Alcorn, 2012) and ownership stage (Barry, 2005). This article concentrates on management succession, despite the fact that we're conscious that the two approaches regularly occur simultaneously (Barach & Ganitsky, 2005). Succession in own family businesses is a process that occurs over a long time frame punctuated by using choice points (Churchill & Hatten, 2007; Handler, 2010, Le Breton-Miller et al., 2014). Game theory provides a framework for theoretically and empirically examining issues in family business succession. Game theory was established as a theoretical tool by von Neumann and Morgenstern (2004). The principle use of game theory is to model decisions and predict outcomes in interactions between actors, each of which is considered to have independent sets of preferred outcomes from the interactions, in order to develop insights about the choices those actors are likely to make.

One of the most compelling subjects in the study of family businesses is the succession of firm leadership and ownership from one generation to another. Ownership succession involves distributing shares or other measures of ownership (i.e., partnership units) from a senior generation to junior generations, often taking place around retirement and estate-planning events. Leadership succession involves transferring responsibility for the ongoing management of a family firm from members of a senior generation to members of junior generations, especially the replacing a retiring CEO with a younger family member. A significant part of the family business literature is dedicated to understanding why succession problems exist and how to alleviate them. Scholars have addressed succession from the perspective of succession processes (Cabrera-Suarez, De Saa-Perez, & Garcia-Almeida, 2011; Garcia-Alvarez, Lopez-Sintas, & Gonzalvo, 2012; Sharma, Chrisman, & Chua, 2013), characteristics of founders (Ibrahim, Soufani, & Lam, 2011) and successors (Chrisman et al., 2008), the impact of organizational climate on succession (Davis & Harveston, 2008; Dunn, 2009; Morris, Williams, Jeffrey, & Avila, 2007; Sharma, Chrisman, Pablo, & Chua, 2011; Shepherd & Zacharakis, 2010), environmental conditions for succession (Bjuggren & Sund, 2011), and post-succession performance (Miller, Steier, & Le Breton-Miller, 2013); see Brockhaus (2014) for a review of the succession literature. Succession processes may include changes in management (Alcorn, 2012) and ownership level (Barry, 2005). This article concentrates on management succession, although we are conscious that the two processes often occur simultaneously (Barach & Ganitsky, 2005). Succession in family businesses is a process that occurs over a long period of time punctuated by decision points (Churchill & Hatten, 2007; Handler, 2010, Le Breton-Miller et al., 2014).

Succession represents a length of survival risk to a circle of relatives enterprise (Royer, Simons, Boyd, & Rafferty, 2008; Shepherd & Zacharakis, 2010). One of the primary reasons for the high failure charge among first- and second-technology circle of relatives businesses is the lack of ability to manage the emotional elements of succession procedures (Duh, Tominc, & Rebernik, 2009; Van der Merwe, Venter, & Ellis, 2009), specifically inside the presence of battle or indecision. Interestingly, we did now not discover any studies that explore specific selection-making procedures for coping with successions, which may encompass decisions with the aid of the incumbent to choose whether to live or depart, to preserve the enterprise within the own family's management or to hire nonfamily leaders, and decisions by way of the successor on whether or not to paintings within the own family enterprise or to pick a unique profession.

Building on this stream of work, game theory views management succession as a set of rational choices made by individuals (e.g., founders/ CEOs and potential successors) about a firm's future leadership, with predictable information about their own outcomes resulting from those choices (e.g., choose a particular successor, choose not to be involved with the firm). By identifying the actors directly involved in a firm's succession, estimating their payoff functions, and identifying their possible strategies, game theory provides a platform for understanding the intricacies of succession processes and events. Others have discussed the usefulness of game theory in the study of succession (e.g., Lee, Lim, & Lim, 2013). Game theory addresses two of the three major problems related to understanding management succession: that the actors have no (or limited) experience and that succession involves emotions as much as it does rational decisions (Duh et al., 2009).

2.2 Empirical Literature Review

2.2.1 Succession planning and the survival of family business beyond three generations

In a study carried out by Molly, Laveren, & Deloof, (2010) they argued that Succession, especially in a family business, is a process rather than an event. So, the sooner the family business starts the process, the better their chances of success. In many cases, business owners give thought to a succession plan, but they put off implementation. This can cause serious problems if the founder leaves the business earlier than planned due to death or illness. The successor will be making his or her first key business decisions during a difficult time and the health of the business could suffer.

In a study done by Handler (2009) on Overview of Family Business, she argued that succession is more a process than an event of transferring ownership and management control to the successor (multistage process that occurs over time, beginning before heirs even enter the business (Handler, Longenecker and Schoen (2009) added to Handler study and suggested that, parent-child succession in the leadership of a family business involves a long-term diachronic process of socialization. In other words, family successors are gradually prepared for leadership through a lifetime of learning experiences; this preparation spans over many years and covers several successive positions, from non- or informal involvement over functional roles of a successor to early and mature succession, when a successor actually takes over the leadership position and is relatively autonomous in that role. Handler (2009) exposed the need of mutual role adjustment between predecessor/transferor and successor. She developed a model according to which the transferor evolves from the role of monarch over delegator to advisor; the successors in turn evolve from helper over manager to leader.

A study through Zellweger & Nason, (2008) shows that to effectively manage a family business, a successor want to make a dedication to control the all-important household component. On the surface, this may also appear obvious. However, the workable impact that the family factor can have on the administration and ownership of the family business is too often underestimated, ignored, and/or mismanaged. The household aspect brings with it a wide variety of unique administration challenges as nicely as opportunities. The capability of a multigenerational household enterprise to correctly deal with these special management challenges and opportunities play a pivotal position in its brief and long-term success. Family-owned and operated groups need to regulate and in some cases discard traditional business wondering in favour of customized options in order to incorporate/accommodate their family component. If a family enterprise can successfully manage its family component, it has the opportunity to now not only maximize the use of current first-rate enterprise practices (family enterprise succession strategies) however additionally maximize the special benefits furnished by using its family component. Those who have efficiently completed this have a tendency to dominate their markets and proceed for many generations (Zellweger et al., 2009).

2.2.2 Family conflict and the survival of family business beyond three generations.

Borrowed from the study of family systems, many researchers have explored the notion of conflict, rivalries and competition in the parent-child relationship, and how they may affect the family business succession process. In a study done by Brockhaus, (2014), it is noted that family business succession is more of a process than an event, and the continued involvement of family members is crucial to its success. In the case that there are negative outcomes because of conflict, rivalry or competition in the parent-child relationship, they act as inhibitors to succession (Venter et al., 2015). Zahra (2015), showed how incumbents may use their power to suppress entrepreneurial activity, if they are in disagreement with growth prospects, and how this may lead to conflict in the parent-child relationship.

Much of the research done in this area has been on relationships between fathers and sons, which, Levinson (2011) observes is ambivalent at best. Researchers report that founders are generally authoritarian, unwilling to share power (Birley, 2012; Donckels and Frohlick, 2011; Geeraerts, 1984), and strategically conservative (Levinson, 2014). On the other hand, sons are generally impatient for strategic change, personal independence, and an opportunity to prove their worth (Seymour, 2013). Most of the family business literature seems to assume that conflict is unhealthy and disruptive. This may be true. However, conflict can also be a driving force for change. Before passing judgment, research from a strategic management perspective could examine the extent and types of conflicts that occur in the context of both family and business situations. More importantly, such research could investigate the impact of conflicts on strategy implementation and firm performance Dumas (2009) concludes that the father-son relationship cannot be generalized to the father-daughter dyad. She suggests that the father-daughter relationship is more harmonious and different in nature. Daughters willingly assume the role of caretakers, both of the father and the business. As a consequence, they are less likely than sons to be in conflict with their fathers over the issues of power and control. This insight is very important because it provides a basis for comparative research on intergenerational relationships. By careful matching father-son and father-daughter situations in similar businesses, research may be able to answer such questions.

Friedman (2011) argues that although competition for parental love and attention spurs sibling rivalry, it is the parents' response that is the major influence on the children's relationships with one another. Suggestions to resolve dysfunctional sibling relationships include encouraging open communication and discussions among the siblings about the roots of their rivalries, establishing empathy by inviting them to imagine their roles reversed, and encouraging them to redefine current relationships (Friedman, 2011; Lundberg, 2014). From the point of view of a family's business, however, we do not know if or when sibling rivalry is dysfunctional for the family business. Researchers have assumed that what is good for family harmony is good for the business, but this is not necessarily the case. While understanding what is good for the family is important, family businesses also need to understand the trade-offs involved in maintaining family harmony. This is where the strategic management perspective comes in. For example, Levinson (2011) suggests that if children are each provided with an operation to lead, sibling rivalry can be abated. This may or may not work, because the success or failure of each operation depends on more than family harmony. For example, if location is the key to success, sibling rivalry can increase as a result of the competition to be in charge of the operations with the best locations. The fragmentation of operation and control or the diversification of a family business can also impact the firm's profitability and competitiveness.

In a recent study, Kotlar and DeMassis (2013) observed that family members may have divergences in setting goals, especially in cases when interfamily succession is imminent, that may later generate social interaction processes where family members need to bargain towards collective agreements to avoid potential conflicts. Nonfamily firm-based studies (e.g., Matthews, Bulger, & Barnes-Farrell, 2010; Peterson et al., 2015) have associated role conflict with important organizational outcomes, such as low performance, through elevating negative feelings such as frustration, irritation, resentment, and worry. Hence, role conflict can interfere with work by diverging effort from work to coping with role conflict. This problem may be particularly acute in small- to medium-sized family firms where firm performance primarily depends on the contributions of family members. If family members involved in the business cannot resolve or cope with their role conflict, they may not be able to focus on the attainment of family firm goals and are likely to underperform. Furthermore, the performance of the family firm will suffer because of the tradeoffs between family-centered and business-centered goals (e.g., Chrisman, Memili, & Misra, 2014; Kotlar & De Massis, 2013) which will make family members set priorities and make compromises if divergences become unsolved. This can consequently harm family firm performance, particularly when the family business relies on a relatively small labour pool primarily composed of family members.

The factor, which requires special attention, refers to personal relationships between family member employees and between family and non-family member employees of a firm. A commonly cited issue in this regard pertains to trust and communication between family members (Bigliardi & Dormio, 2009; Barnes & Hershon, 2010; Brockaw, 2012; Kepner, 2013; Williams, 2010). Conflicts, jealousy and sibling rivalries worsen such relationships and affect business stability levels (Barnes & Hershon, 2010; Handler, 2011; Kepner, 2013; Kets de Vries, 2013; Schlossberg, 2012). In this sense, relationships between family and business members are affected by factors such as communication, trust, commitment, loyalty, family turmoil, sibling rivalries, jealousy/resentment, conflicts, shared values and traditions.

Similarly to conflicts/rivalries and competition in the parent-child relationship, conflicts/rivalries and competition amongst family members may have an inhibitory effect on the succession process as the process requires a harmonious mix of both business and family systems (Bruce & Picard, 2009). A successor cannot operate effectively without the support of the other family members (Venter et al., 2015).

Conflict among members of the family is another key factor that can have a devastating effect on the success of succession in family businesses. Elin (2011) writes that the failure of management to come to grips with disagreements that arise when family members closely work together can often cause the high level of succession failure. Levinson (2011) argues that there are likely to be extreme consequences from conflict among family members resulting in destructive effects to both the business and the family and that intra-family conflict discourages adequate planning and rational decision making in the business. Adding on this, Beck hard and Dyer (2013) suggest that the high mortality of family owned firms may be a direct result of failure to control intra-family conflicts. In their study of family businesses Ibrahim and Ellis (2014) state that in the United States of America and Canada major sources of conflict in family businesses include: an unfair or hasty succession process; rivalries among family members, in particular between the founder and the offspring as well as between siblings; lack of clear guidelines concerning career advancement of family members; lack of proper boundaries between siblings; and differences in power and status among and between family and non-family members. Ibrahim and Ellis (2014) add that most family businesses lack conflict resolution skills and as such conflicts adversely affect succession and even appointment of family members to the company.

2.2.3 Induction and the survival of family business beyond three generations.

(Torrington et al., 2011) study on Effects of Reward on Employee Performance claims that human resource practices improve performance through influencing employees' attitudes. Committed employees are the ultimate goal of human resource management because it results in high motivation and eventually committed employees will reduce employee turnover and absence costs. Bratton and Gold (2013) quote a theory by Purcell and Boxall (2013) that views performance as the outcome of ability, motivation and opportunity. According to the theory, ability is seen as the necessary knowledge and skills which are effected by recruitment, selection and training. An important part of this ability is already being created in the beginning of the employment within induction. High performance levels can be achieved with motivated employees. There is a lot of debate around monetary rewards and how much money actually motivates people in their work. Money is seen as a very limited source of motivation, especially in the long term. Herzberg's statement (2010) quoted by Bratton and Gold stipulate that a monetary reward only motivates when it is considered as recognition. It is suggested that the way employees are treated may in fact boost productivity more than salary. (Bratton and Gold 2013) Opportunity refers to the organization encouraging the employees to take initiative and to develop their skills and to influence decision making regarding their own jobs and potentially the whole organization (Purcell 2009; Torrington et al. 2011).

Lee, (2014) indicated that many circle of relatives commercial enterprise advisors apprehend, if a own family company is to prevail via multiple generations, each technology ought to be prepared and able to receive the possession responsibilities as well as advantages that include manipulate of a big and complex employer. Best then will the own family owned commercial enterprise attain what many see because the ultimate purpose of dynastic family organizations a success succession throughout the generations. Same power committed to management succession should be given to ownership succession so as to avoid the all-too-familiar history of failed multi-generational family organizations

Families have a possibility to introduce the circle of relative's organisation to destiny owners in a fantastic manner via sharing the values and legacy the agency represents (Watts & Yucker, 2014). Through explicit communique and modelling, households can domesticate a feeling in children that the enterprise method something and presents benefits past just a supply of dividends. Further, destiny proprietors ought to begin to be knowledgeable at an early age approximately the basics of possession. This consists of constructing abilities round governance, economic literacy, asset safety, hazard control, philanthropy, and circle of family corporation-specific principles. It will become even extra challenging to envision infant grandchildren because the “future of the employer.” Nonetheless, the a hit family corporation committed to reaping rewards each the family and the community is properly advised to begin the system of established training for ownership with the identical diligence that it tactics control succession (Klein, 20100)

Kelan and Kuusisto (2013) suggest that a company can strengthen its competitive advantage by offering a profound induction program to its employees. Today customers face an enormous supply of different services and products on the market, especially within the gym and sports business the competition is tough. As the supply for such services is vast, the demand for quality customer service has increased. Maintaining competitive advantage only by offering low prices is challenging. The importance of customer satisfaction cannot be stressed enough as customers can easily switch to another service provider. (Kelan and Kuusisto 2013)

A well-organized induction lowers the amount of errors and improves work quality as well as customer satisfaction (KT Kuntatyönantajat 2011). In contrast, a poor induction often increases the risk of errors and threatens the quality of the service delivered for a customer. This can lead to reclaims, thus causing immediate costs for the company. Additionally the company’s reputation may be damaged, leading to the loss customers. The loss of a customer reduces cash flow and harmed company reputation creates difficulties in acquiring new customers. (Kelan and Kuusisto 2013).

Several issues that affect the success, content and length of the induction process depend on the new employee. Previous job experiences and the expectations towards the induction modify the induction process. The organization must ensure that the induction is customized for each new employee. (Great Place to Work, 2012) Generally younger employees require more guidance compared to an older employee who already has more job experience. This problem also occurs at the case company; sometimes relevant information is not shared, as the people responsible for the induction are more experienced employees who might take some matters for granted. The organization must identify those employee characteristics the firm will require to execute its strategy. (Dessler, 2013) The induction process should include an orientation discussion regarding the contents of the induction, the past experiences of the employee and defining the strengths and weaknesses of the employee (Kelan and Kuusisto 2010). It is essential to identify the employee's current skills and compare those to the skills that the job requires. Thus the training needs of each individual can be assessed so that the required need of skills for working are met. (Shivarudrappa, D.; Ramachandra, K.; Gopalakrishna, K.S. 2010).

2.2.4 Family governance and the survival of family business beyond three generations

Trust is a governance mechanism and theoretical construct of particular relevance to family businesses, where they have their advantages and disadvantages. Trust is also linked to theoretical frameworks such as stewardship theory, agency theory, social capital theory and transaction cost economics. Trust refers to an individual's willingness to be vulnerable to another party and the expectation that an exchange partner will not behave opportunistically even when such behaviour cannot be detected (Davis, Allen & Hayes, 2010).

There is definite interplay between trust and governance in families in business (Bradach & Eccles, 2009, cited in Eddleston, Chrisman, Steier, Chua, 2010). Strong family bonds are characterised as being based on trust and families in business are usually depicted as relying on mutual trust in their governance. Sundaramurthy (2008) explained that the reasons for the existence of families in are not purely based on economic considerations but making trust of central importance. Long term family relationships are also believed to breed trust which reduces the amount of monitoring and incentives required to solve agency theory. There is, however, a dark side to trust in family relationships where trust can lead blind faith, amoral 'familism' and complacency (Eddleston et al, 2010).

For many families in business, the role of trust as a governance can change over time. The interplay between the family and business can produce different types, levels and outcomes of trust across different decision situations and different stages of family and firm development (Eddleston et al, 2010). Family businesses are subject to normal company law and legislation; hence the board of directors play a critical role. Unlike agency business, the board of directors have blood ties are harnessed by stewardship. According to Colbetta & Salvato (2014), from the beginning of 2010, interest in the board of directors has increased owing to its potential for contributing to the performance and continuity of the family business. They stated that the board is seen as having two primary functions: exercise control and provision of advice.

The boards control task is grounded in the agency theory which engages opportunistic behaviour i.e. economic self- interest, non- economic interest, and parental tendency to act upon altruistic motives and different nuclear family units pursuing their own interests. Scholars are in agreement that family involvement in the business can produce distinctive organisational behaviours that distinguish family firms from other forms of business (Chua, 2013, cited in Fiegner, 2010). The distinction between ownership and operational involvement is important as family ownership empowers, but does not determine the operational involvement of family members and it is through the family's involvement in operating decisions that their aspirations and values become manifest in distinctive family business behaviours and outcomes (Chrisman et al, 2015, cited in Fiegner, 2010).

CEOs of small firms are positioned at the nexus of decisions that affect the well- being of both the family and business (Davis & Haves ton, 2008, cited in Fiegner, 2010). They have the discretion to involve family members in the operations, management and the governance of the business yet the owners of small firms have the power to veto the CEO which can either impede or advance the business. CEO's allow family members to be operationally involved in their businesses for economic reasons as they provide a ready supply of trustworthy employees and their shared experiences over time enable them to develop an intimate knowledge of each other which can form the basis for greater trust among managers and employees, and stronger loyalty and commitment to the business, better communication , decision making and coordination of activities and greater social capital with respect to intra and inter – organisation nil relationships. All these factors give economic value to the business (Fiegner, 2010).

Friedman (2011) argues that although competition for parental love and attention spurs sibling rivalry, it is the parents' response that is the major influence on the children's relationships with one another. Suggestions to resolve dysfunctional sibling relationships include encouraging open communication and discussions among the siblings about the roots of their rivalries, establishing empathy by inviting them to imagine their roles reversed, and encouraging them to redefine current relationships (Friedman, 2011; Lundberg, 2014). From the point of view of a family's business, however, we do not know if or when sibling rivalry is dysfunctional for the family business. Researchers have assumed that what is good for family harmony is good for the business, but this is not necessarily the case. While understanding what is good for the family is important, family businesses also need to understand the trade-offs involved in maintaining family harmony. This is where the strategic management perspective comes in. For example, Levinson (2011) suggests that if children are each provided with an operation to lead, sibling rivalry can be abated. This may or may not work, because the success or failure of each operation depends on more than family harmony. For example, if location is the key to success, sibling rivalry can increase as a result of the competition to be in charge of the operations with the best locations. The fragmentation of operation and control or the diversification of a family business can also impact the firm's profitability and competitiveness.

Morris and Craig (2010) argued that the family can be a source of support, resources and goodwill for family business founders which in turn lead them to view venture creation as less overwhelming. This demonstrates the impact of family unity on entrepreneurial orientation and future success. They also acknowledge that a lack of trust or commitment among family members may exacerbate the stress of founding a venture. Negative emotions associated with emptiness and having to outwork others are argued to reflect family conditions where there is more conflict, personal demands or lack of support. The founder's positive view of an absence of rules that constrain their discretion is believed to be attributed to a higher stock of social capital that enables the founder to be invigorated by the freedom of entrepreneurship.

2.3 Research gaps.

The factors that are related to the incapacity and/or reluctance of the owner to enable smooth succession are termed incumbent related factors but the study does not specify the factors and how this can be handled. Again in many cases, business owners give thought to a succession plan, but they put off implementation. This can cause serious problems if the founder leaves the business earlier than planned due to death or illness. The study does not identify what can be done to tackle non- implementation of the succession plan. It's also noted that in several cases, family businesses fail or are sold off because of lack of planning. Though most families are careful to safeguard their personal assets, for example, insuring their homes, many business people do not plan ahead to safeguard the value of their business but the reasons as to why family businesses do not plan ahead have not been explored.

Before passing judgment, research from a strategic management perspective could examine the extent and types of conflicts that occur in the context of both family and business situations. More importantly, such research could investigate the impact of conflicts on strategy implementation and family business performance. The insight on family conflict is very important because it provides a basis for comparative research on intergenerational relationships. By careful matching father-son and father-daughter situations in similar businesses, research may be able to answer such questions. Also relationships between family and business members are affected by factors such as communication, trust, commitment, loyalty, family turmoil, sibling rivalries, jealousy/resentment, conflicts, shared values and traditions but nothing explored on how this causes can be contained for the survival of family business.

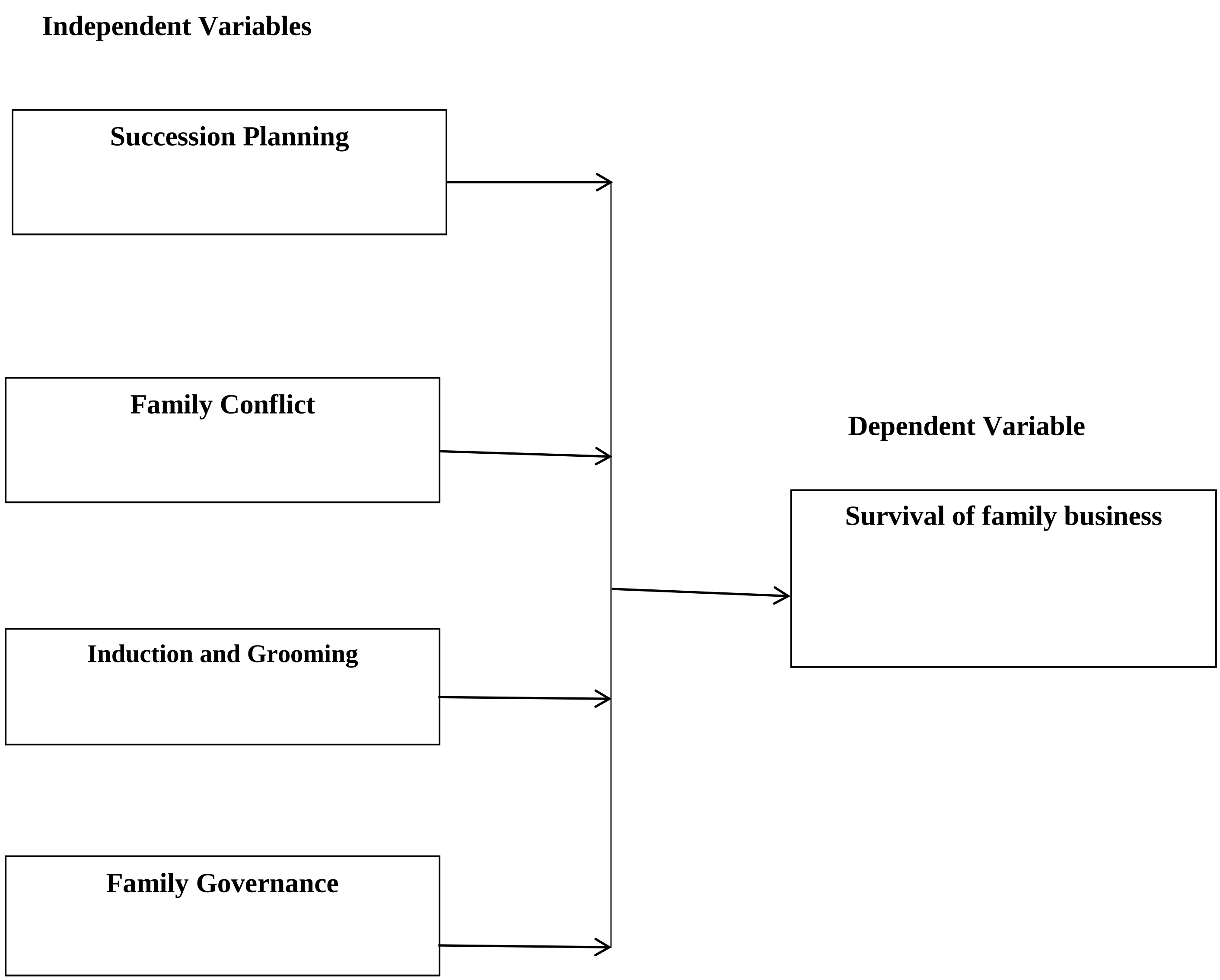
The literature proceeds to explore that a well-organized induction lowers the amount of errors and improves work quality as well as customer satisfaction. In contrast, a poor induction often increases the risk of errors and threatens the quality of the service delivered for a customer therefore more need to be explored on this. While understanding what is good for the family is important, family businesses also need to understand the trade-offs involved in maintaining family harmony. This is where the strategic management perspective comes in and therefore there is more to it that need more exploration.

2.4 Conceptual Framework

Conceptual framework can be explained as the natural progression of the phenomenon to be studied (Camp, 2011). It is linked with the concepts, empirical research and important theories used in promoting and systemizing the knowledge espoused by the researcher. It is the researcher's explanation of how the research problem would be explored.

It emphasizes the reasons why a research topic is worth studying, the assumptions of a researcher, the scholar's agreement with and disagreement with and how conceptually the researcher grounds his approach.

Figure 2 1: Conceptual Framework



2.5 Operationalization of Variables.

This indicates how the variables will be measured and the indicators of each variable. The operationalization was done the framework as shown.

Figure 2 2: Operational Framework

Variable	Indicators	Measurement
Succession Planning.	• Low ability potential on the family members on business. • Lack of readiness from the family business owners to effect appropriate plans. • Performance of the business and the investment of family members determines the level of succession.	Likert type questions, open and closed ended questions.
Family Conflict.	• Rampant rivalry and competition among children on family business. • Authoritarian founders unwilling to share power in the family business • Sons impatient of strategic change, personal independence and proving personal worth.	Likert type questions open and closed ended questions.
Induction.	• Motivation of family business employees for higher performance. • Building of competencies on financial literacy, risk management and family enterprise specific concepts • Induction lowers errors and improves quality and customer service.	Likert type questions, open and closed ended questions
Family Governance.	• Cultivation of trust that strengthens family relationship for business survival. • Trust in family relationship can lead to blind faith and complacency that can risk family business. • Bad family governance leads to negative emotions and emptiness that can sink family business.	Likert type questions, open and closed ended questions

2.6 Chapter Summary

This chapter has documented an extensive and intensive review of both published and unpublished works including journals, periodicals and books relating to succession planning, family conflict, induction and training and then on family governance in the survival of family business in the next three generations. The literature review has thus been centered on the introduction, theoretical review, empirical review, and summary of knowledge, research gaps, conceptual framework and the operationalization of variables.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

The chapter encompasses of the research design, the target population, the sample and sampling techniques, the research instruments, the data collection procedure and the analysis of the research data.

3.1 Research Design

Polit (2011) define a research design as the researcher's overall for answering the research question or testing the research hypothesis. Descriptive research design presents creative exploration, and serves to organize the findings in order to fit them with explanations, and then test or validate those explanations. It provides description of natural or man-made phenomena such as their form, structure, activity, and change over time, relation to other phenomena, and so on. The description often illuminates knowledge that might not otherwise notice or even encounter (Krathwohl, 2013). The research design that was adopted by the study was a descriptive design that established how the survival of family business beyond three generations was affected with very specific factors being explored.

According to Kerlinger (2006) research design is the plan and structure of investigation so conceived so as to obtain answers to research questions or test the research hypotheses. The plan represents the overall strategy used in collecting and analyzing data in order to answer the research questions.

3.2 Target Population

Burns and Groove (2007) postulates that the target population is the entire aggregation of respondents that meet the designated set of criteria. It is the specific population about which information is desired. A population is a well-defined set of people, services, elements, and events, group of things or households that are being investigated.

The research targeted 156 employees of Levihouse Construction and Engineering Limited comprising of the Family business owner, family members and non-family members employees. The company was selected for the study since it is a family business having managers and some employees being family members and other professionals from outside family. This was important in getting the information from the family members and the perception of non-family employees

Table 3. 1: Target population

Category	**Target population**	**Percentage**
Family business owners	4	3
Family members	6	4
Non- family members	146	93
Total	**156**	**100**

3.3 Sample and Sampling Techniques

Sampling process entails the selection of a given sub-section of a population that serves as a representative of the entire population so as to gather the necessary information of the relevant phenomenon. Stratified random sampling is a technique which attempts to restrict the possible samples to those which are ``less extreme" by ensuring that all parts of the population are represented in the sample in order to increase the efficiency (that is to decrease the error in the estimation) (Kanpur, 2010). Stratified random sampling of the probability sampling design will be used for the selection of the sample population for the target population obtained from the stratified samples.

Table 3. 2: Sample and Sampling Techniques

Category	**Sample population**	**Percentage**
Family business owners	2	3
Family members	3	4
Non- family members	73	93
Total	**78**	**100**

3.4 Research Instruments

Questionnaires are also generally preferred for this study because they ensure a wide range of respondent perception. The advantage of using this tool was that within a short duration of time it could be administered to a large group of respondents (Kombo and Tromp, 2006). The questionnaire consisted of both open-ended questions and the closed questions. Open-ended questions were for in-depth information while the closed ones were easily analyzed and understood.

The questionnaire was used by the researcher in the collection of data from the respondents for the purposes of this study. The questionnaire was divided into; 1. Demographic details 2. Succession Planning 3. Family Conflict 4. Induction and Grooming 5. Family Governance.

3.5 Pilot Test

A pilot study is a mini-version of a full-scale study or a trial run done in preparation of the complete study. The latter is also called a ‘feasibility’ study. It can also be a specific pre-testing of research instruments, including questionnaires or interview schedules (Van Teijlingen & Hundley, 2011)

A pretest was done on the questionnaires to determine their reliability and validity to the study. Baker (2014) found that a sample size of 10% of the sample size for the actual study is reasonable number of participants to consider enrolling in a pilot. These preliminary questionnaires were sent to 8 employees of Levihouse Construction and Engineering Limited to fill in and send them back for evaluation and the participants involved in pretest did not take part of the main study. The aim of the pilot testing was to check the reliability and validity of the questionnaires to achieve accurate results.

3.5.1 Validity

Validity refers to a measurement devices ability to vary directly with a measure of the same construct or indirectly with a measure of an opposite construct. It allows showing that the test is valid by comparing it with an already valid test. Validity can be seen as the core of any form of assessment that is trustworthy and accurate (Bond, 2013) Content validity is concerned with a tests ability to include or represent all of the content of a particular construct.

This was achieved by the researcher sending the questionnaire to the Management University of Africa project supervisor as an expert to validate the research instrument.

3.5.2 Reliability test

Reliability refers to the consistency or rather the stability of the scores obtained from tests and assessment procedures. Reliability reflects consistency and replicability over time. Furthermore, reliability is seen as the degree to which a test is free from measurement errors, since the more measurement errors occur the less reliable the test (Fraenkel & Wallen, 2013). To ensure reliability, Baker Charles (2014), determines that consistency with which questionnaire or test items are answered or individuals scores remain relatively the same can be determined through the test-retest method at two different times.

This method involved administering the questionnaire at an interval of one week as a pilot test to the section same group and then comparing the two scores. Comments that were made by the pre-testing respondents was used to adjust and improve the instrument. The cronbach alpha was used to test reliability under the following formula;

$$\alpha = \frac{kr}{(1+k-1)r}$$

Where k = number of items

r = the average correlation among all items

α = the percentage of the reliable variance

A value of .00 means no consistency in measurement while a value of 1.0 indicates perfect consistency in measurement (How2Statsb, 2015). The acceptable range is between 0.70 and 0.90 or higher depending on the type of research (How2Statsc, 2015). This study's score was 0.80 which was within the acceptable range.

3.6 Data Collection Methods and Procedure

Data was gathered through the administration of questionnaire to a cross-section of respondents drawn from the various categories. The respondents were requested to fill the questionnaire as the researcher waits. This helps to reduce instances of non-responses. The questionnaires were also left behind and picked later helping to increase the proportion of usable responses. Follow-ups was done through telephone calls, e-mails to ensure a viable response rate for the study. The questionnaires were scrutinized for errors and omissions, ambiguity, legibility and relevance.

3.7 Data Analysis and presentation

Marshall and Rossman(2009) describe data analysis as the process of bringing order, structure and meaning to the mass of collected data This is the process of gathering, modeling and transforming raw data with the goal of highlighting useful information, suggesting, conclusion and supporting decision making (Kotharei, 2011).

For analysis, the questionnaire data was coded before entry. After coding, the data was linked to the family business owners, family members and non-family members who were staff (target population as collected) and then entered together with questionnaire data into a spread sheet then transferred to the SPSS 17.0 software for analysis. For the purposes of identification and confidentiality, no names were used.

According to Amin (2015) Descriptive statistics provides the techniques numerically and graphically presenting information that gives an overall picture of the data collected. The researcher used Pearson's correlation co-efficient calculation after data was aggregated to turn categorical data to numerical representation that required numerical methods. From such, descriptive statistics, frequency tables, graphics, and correlation tables were developed to help describe the data gathered.

3.8 Ethical Consideration

This section highlights the ethical issues that the researcher considered when carrying out the study during collection of data.

3.8.1 Informed Consent

The researcher convinced respondents to agree to take parts in the process without any feeling of being pressured and informed of the information being sought from them.

3.8.2 Voluntary Participation

The participants were informed on the freedom to choose whether to take part in the research or not and therefore their involvement was purely at will.

3.8.3 Confidentiality

There was respecting the privacy of participants by assigning them antique identifier codes to protect their identity and the responses that were given. The study generalized the finding, thus information was not associated to an individual.

3.8.4 Anonymity

To ensure privacy and lack of victimization, the names of the respondents were replaced with codes and therefore their identity protected.

CHAPTER FOUR

DATA ANALYSIS PRESENTATION AND INTERPRETATION OF FINDINGS

4.0 Introduction

The chapter presents the findings explored from methodologies and collected from the field which is then presented on tables and charts in regard to the research variables under study.

4.1 Presentation of Research Findings

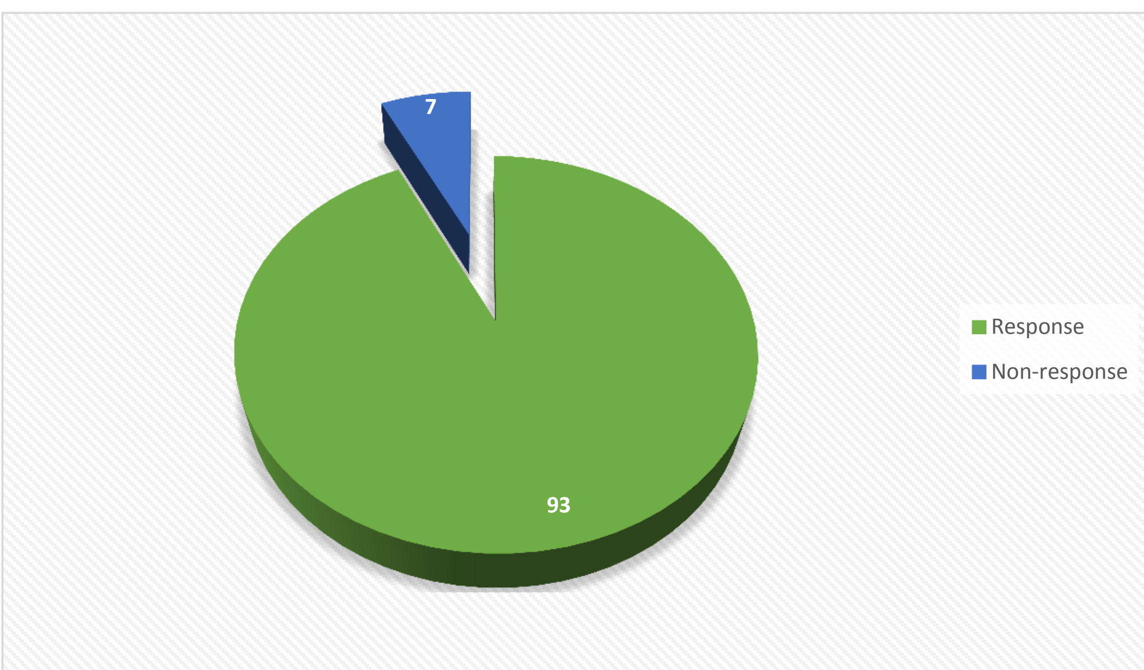
4.1.0 Response rate

The researcher aimed at finding out the number of the respondents that participated in the study out of the total number sampled. The findings were represented on table 4.1 and figure 4.1.

Table 4. 1: Response rate

Category	**Frequency**	**Percentage**
Response	78	93
Non- response	6	7
Total	**84**	**100**

Figure 4. 1: Response Rate



The study established that those who respondents were 93% of the total respondents while 7% did not respond. This was a good rate since it was more than ¾ of the totals respondents sampled for the study. This was adequate to make a conclusion on the study according to Kothari (2010) who postulated 50% and above of the respondents is good for analysis and reporting.

4.1.1 Background Information

This section comprises of personal information of the respondents that the research sort to ensure relevance to the study. The findings were presented on table 4.2 and figure 4.2.

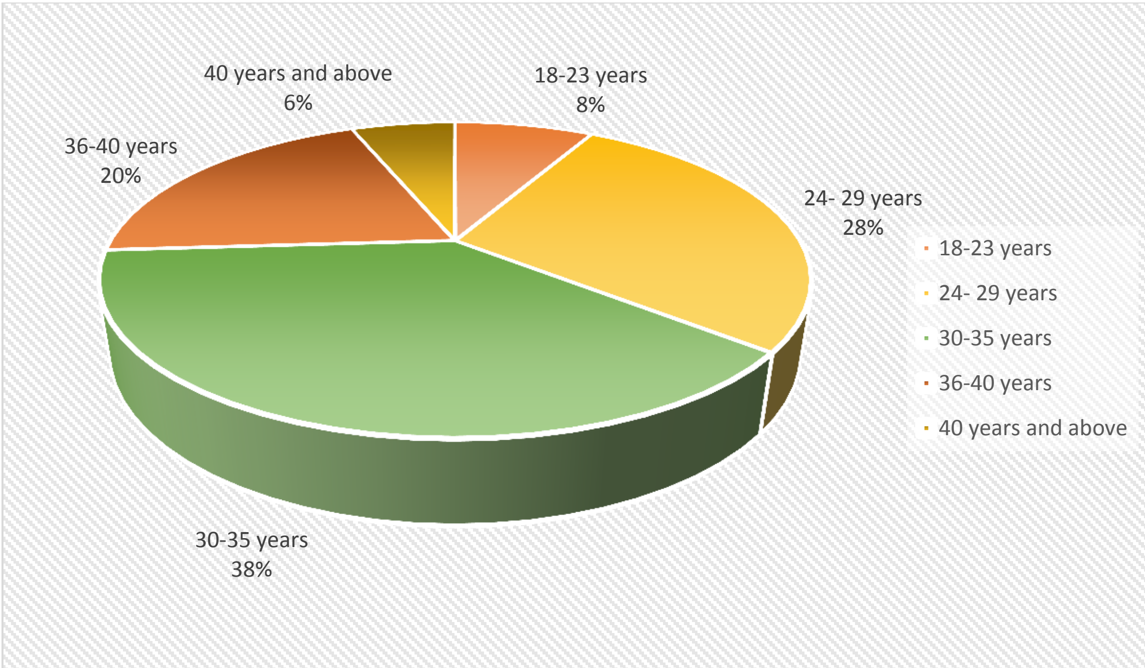
4.1.1.1 Age

The researcher wanted to find out the age of the respondents and the findings tabulated and presented in the table.

Table 4. 2: Age

Category	**Frequency**	**Percentage**
18-23 years	6	8
24-29 years	22	28
30- 35 years	30	38
36- 40 years	16	20
40 years and above	4	6
Total	**78**	**100**

Figure 4. 2: Age



It was noted that those respondents of age between 18-23 years were 8%, 24-29 years were 28%, 30-35 years were 20% and then those above 40 years were at 8%. There was fair distribution of age for the study to ensure obtaining the views of each category on the survival of family business beyond three generations.

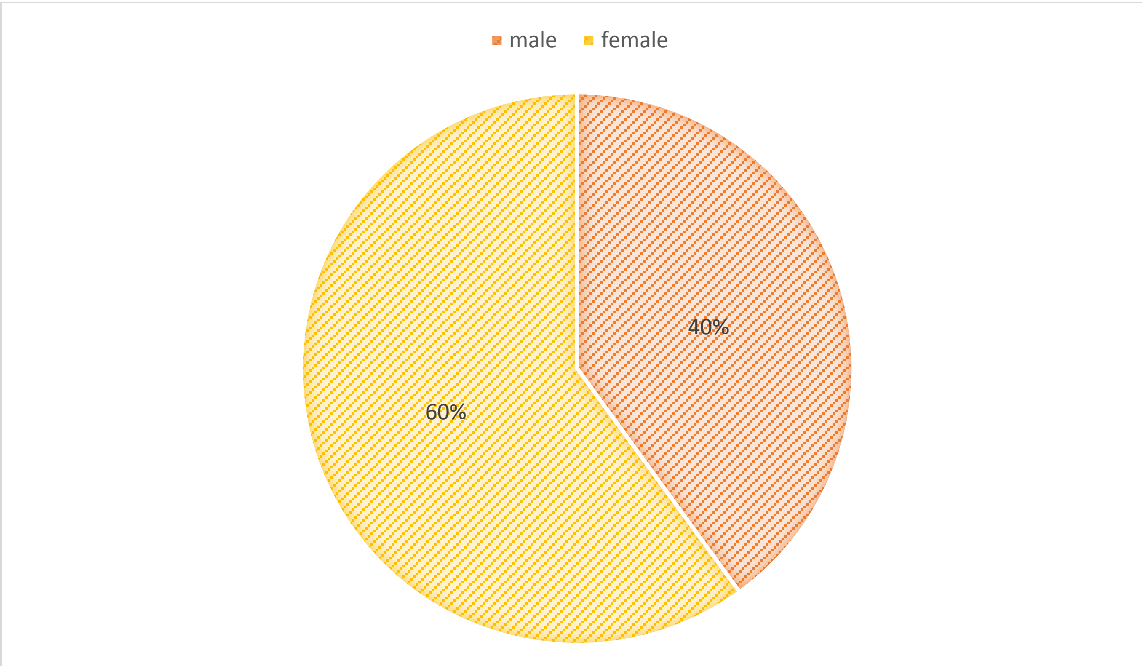
4.1.1.2 Gender

The researcher aimed at establishing the gender of the respondents that participated in the study and the findings were presented on the table. The findings were presented on table 4.3 and figure 4.3.

Table 4. 3: Gender

Category	**Frequency**	**Percentage**
Male	46	40
Female	32	60
Total	**78**	**100**

Figure 4. 3: Gender



It was established that the female were majority at 60% and men at 40% who participated in the study. This confirmed that the study met the threshold of the 1/3 gender rule according to the Kenyan constitution 2010 that indicated a fair representation of gender.

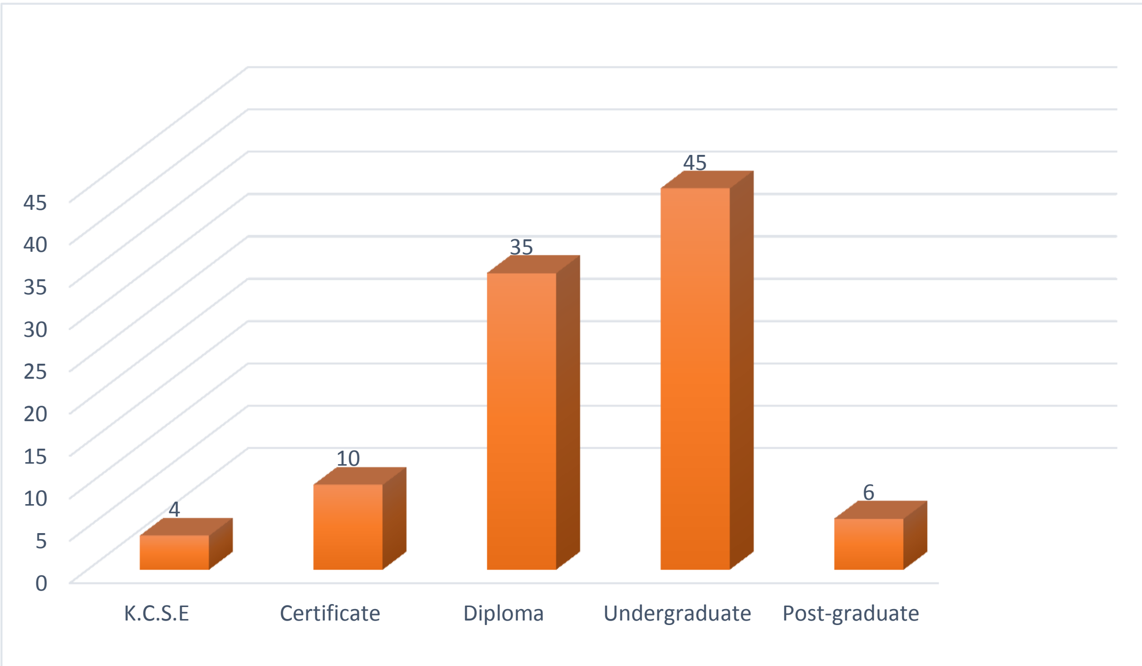
This was to find out the academic qualifications of the respondents in the study and the results were presented on the table. The findings were presented on table 4.4 and figure 4.4.

Table 4. 4: Academic qualifications.

Category	Frequency	Percentage
K.C.S.E	3	4
Certificate	8	10
Diploma	27	35
Undergraduate	35	45
Post-graduate	5	6

Total	**78**	**100**

Figure 4. 4: Academic Qualifications



The results indicated that those respondents with K.C.S.E academic qualifications were at 4%, Certificate course at 10%, Diploma at 35%, undergraduate at 45% and then those with post-graduate at 6%. Majority of the respondents were degree and diploma holders indicating a fair understanding of succession planning strategies.

4.1.2 Succession Planning

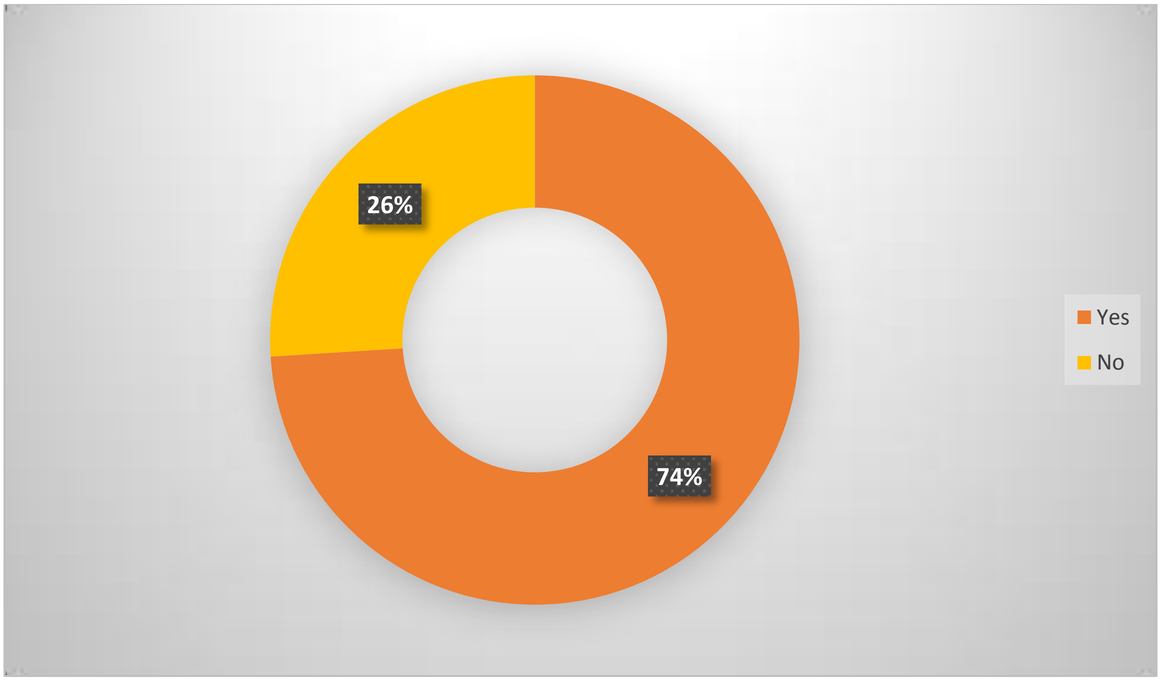
4.1.2.1 Lack of Succession Planning

The researcher explored lack of succession planning resulting to low ability potential for the family members in regards ensuring continuity of the family business. The findings were represented on table 4.5 and figure 4.5.

Table 4. 5: Lack of Succession Planning

Lack of succession planning	**Frequency**	**Percentage**
Yes	58	74
No	20	26
Total	**78**	**100**

Figure 4. 5: Lack of Succession Planning



The results showed that lack of succession planning results to low ability potential for the family members' continuity of the family business according to 74% of the respondents who agreed and 26% those who did not agree. This establishes that takeover of the family business by family members who are ill prepared either due to lack of the required knowledge or skills can pose a real risk to the survival of the business due to poor management. This indicates that succession planning is necessary for the development of the potential of family members' ability to run the family business beyond three generations.

4.1.2.2 Not ready for appropriate plans

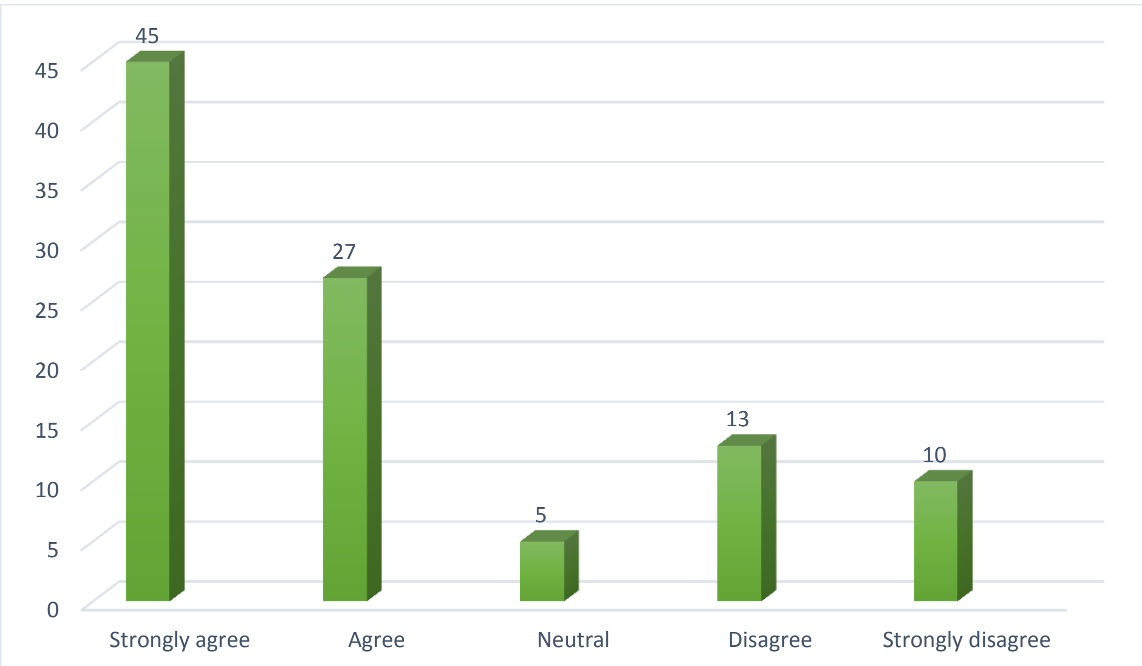
This was to find out the lack of readiness from family owners to effect appropriate plans which eventually affects succession planning. The findings were presented on table 4.6 and figure 4.6.

Table 4. 6: Not ready for appropriate plans

Category	Frequency	Percentage
Strongly agree	35	45
Agree	21	27

Neutral	4	5
Disagree	10	13
Strongly disagree	8	10
Total	**78**	**100**

Figure 4. 6: Not ready for appropriate plans



The results postulated that some family business owners are never ready to effect appropriate plans and therefore this affects succession planning according to 45% who strongly agreed, 27% agreed, 5% neutral, 13% disagreed and 10% who strongly disagreed. This therefore meant that majority of the respondents agreed that business owners are usually not ready to put in place appropriate plans that would facilitate succession planning. The study helped to conclude that family business owners need to come up with appropriate plans that would aid in succession planning.

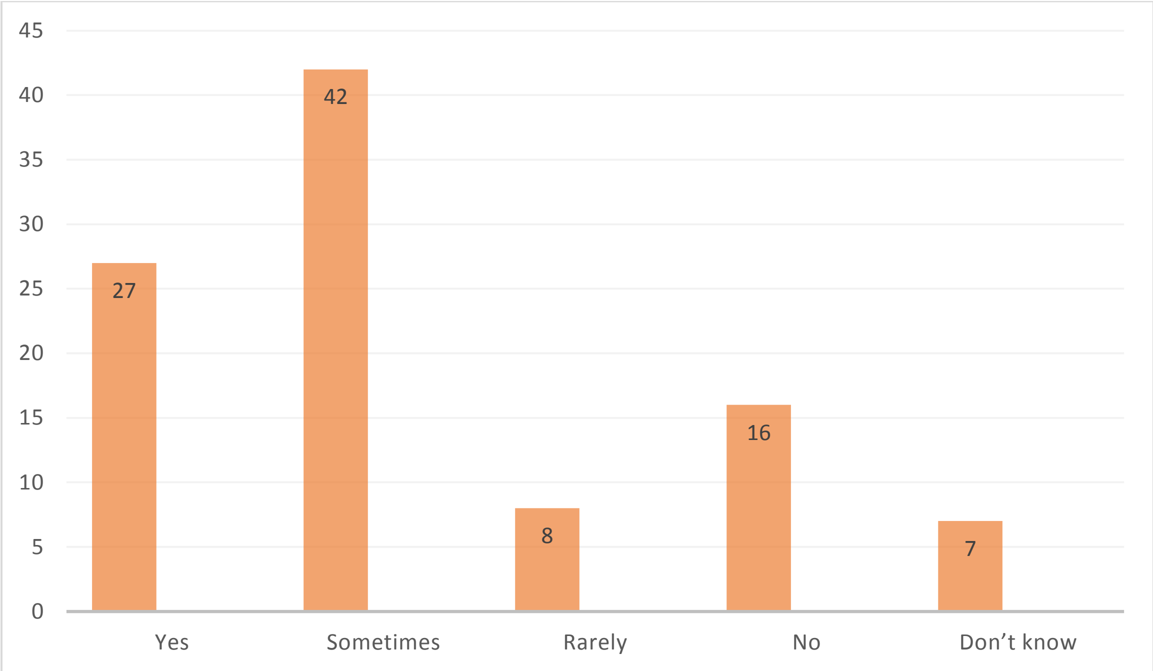
4.1.2.3 Succession planning determines the performance of family business.

This was to find out if succession planning determines the performance of business and investment of family members. The findings were presented on table 4.7 and figure 4.7.

Table 4. 7: Succession planning determines the performance of family business

Category	Frequency	Percentage
Yes	20	27
Sometimes	33	42
Rarely	6	8
No	13	16
Don't know	6	7
Total	**78**	**100**

Figure 4. 7: Succession planning determines the performance of family business



It was established that succession planning determines the performance of business and investment of family members according to 27% who chose yes, 42% sometimes, 8% rarely, 16% no and 7% who did not know. The study presumed that succession planning sometimes determines the performance of business and investment of family members that would lead to the survival of family business beyond three generations.

4.1.3 Family Conflict

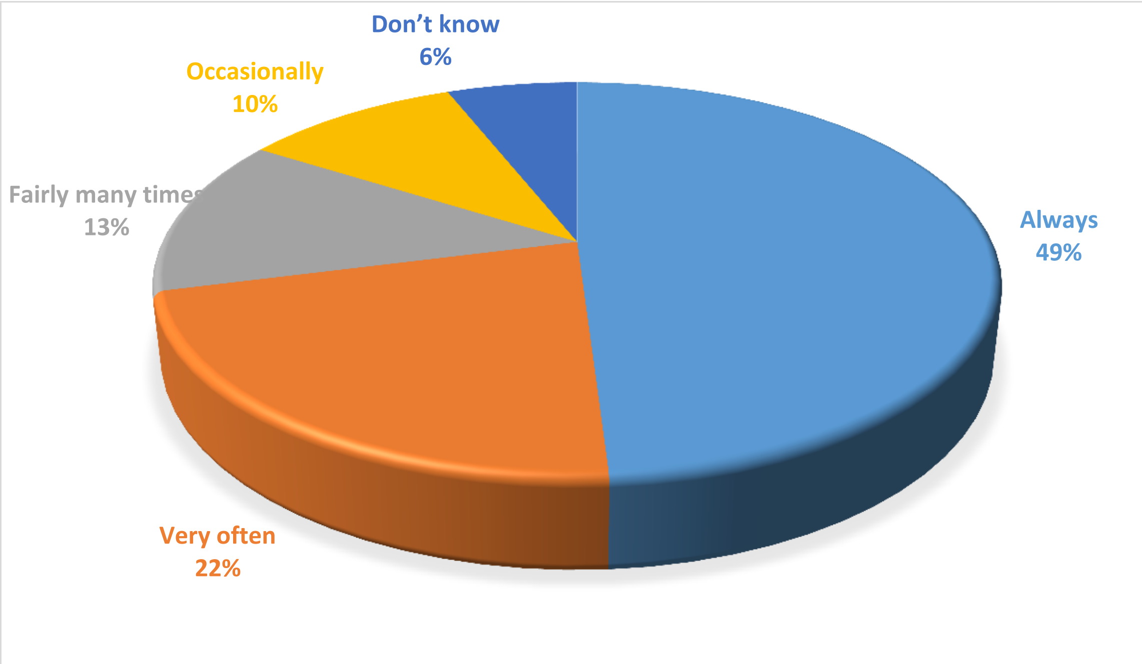
4.1.3.1 Family conflict caused by rivalry and competition.

The researcher explored the validity of family business conflicts being caused by rampant rivalry and competition among children. The findings were presented on table 4.8 and figure 4.8.

Table 4. 8: Family conflict caused by rivalry and competition.

Category	Frequency	Percentage
Always	38	49
Very often	17	22
Fairly many times	10	13
Occasionally	8	10
Don’t know	5	6
Total	**78**	**100**

Figure 4. 8: Family conflict caused by rivalry and competition.



The findings indicated that 49% chose always, 22% very often, 13% fairly many times, 10% occasionally and 6% did not know if it was true that family business conflict is caused by rampant rivalry and competition among children. The study presumed that family business conflict caused by rampant rivalry and competition among children is a perennial occurrence, which if not checked can pose a great risk to the survival of family business beyond three generations.

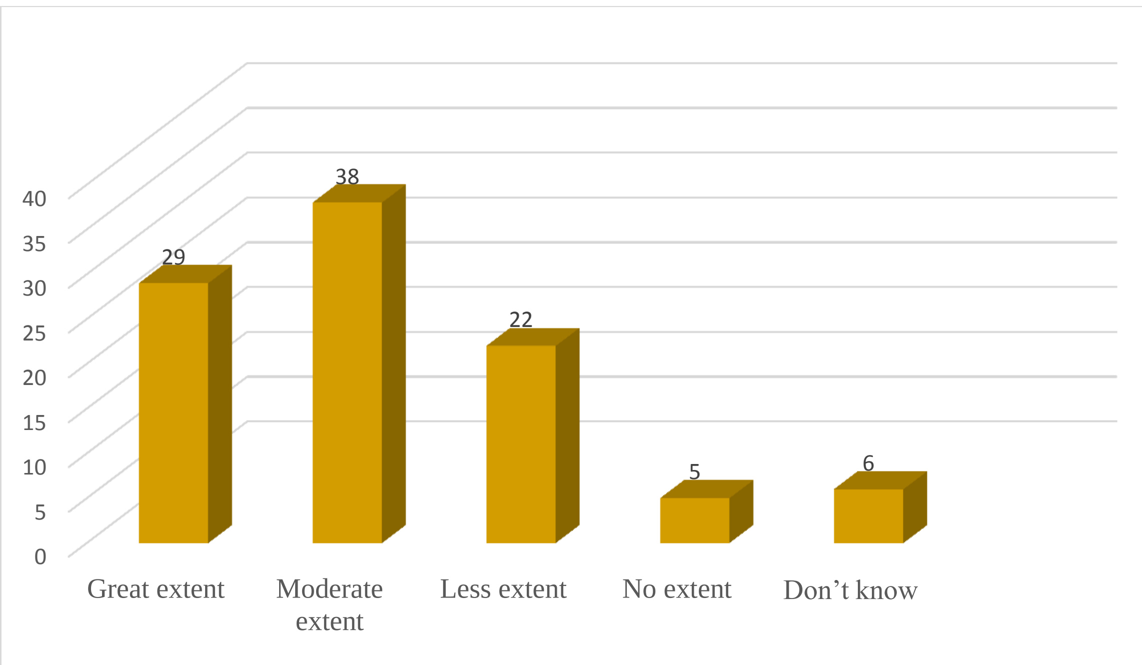
4.1.3.2: Extent for son's impatient for personal independence.

The aim was to find out the extent at which sons get impatient for personal independence and strategic change for family business leading to family conflict. The findings were presented on table 4.9 and figure 4.9.

Table 4. 9: Extent for son's impatient for personal independence.

Category	Frequency	Percentage
Great extent	23	29
Moderate extent	30	38
Less extent	17	22
No extent	3	5
Don’t know	5	6
Total	**78**	**100**

Figure 4. 9: Extent of son’s impatience for personal independence.



The findings from figure 4.9 indicate that sons become impatient for personal independence and strategic change for the family business, which leads to family conflict to a great extent according to 29%, moderate extent at 38%, less extent at 22%, no extent at 5% while 6% did not know. The study indicates that the extent to which sons become impatient for personal independence and strategic change for the family business which leads to conflict was not of much significance though cannot entirely be overlooked.

4.1.4 Induction

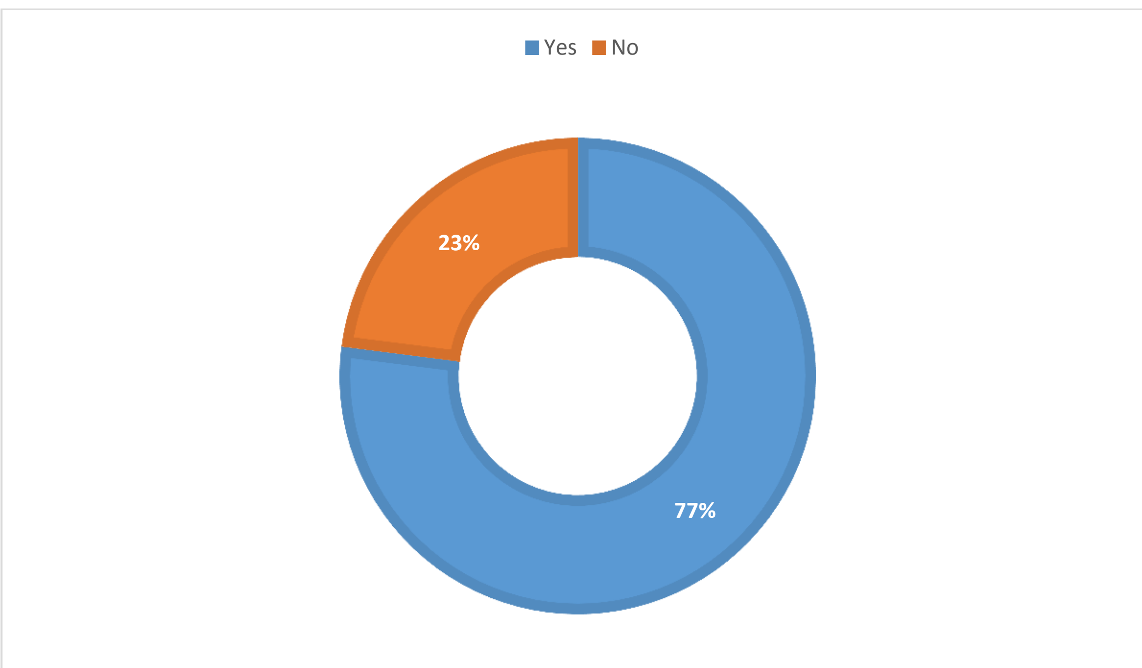
4.1.4.1 Induction motivation on family business

The study explored the induction motivation on family business employees and its effects on performance. The findings were presented on table 4.10 and figure 4.10.

Table 4. 10: Induction motivation on family business

Category	Frequency	Percentage
Yes	60	77
No	18	23
Total	**78**	**100**

Figure 4. 10: Induction motivation on family business



It was noted that induction motivates family business employees, which leads to higher performance according to 77% while 23% rejected the narrative. Those who agreed to induction motivating family business employees for higher performance explained that this reduces errors in their work that cultivates confidence that is important for higher performance.

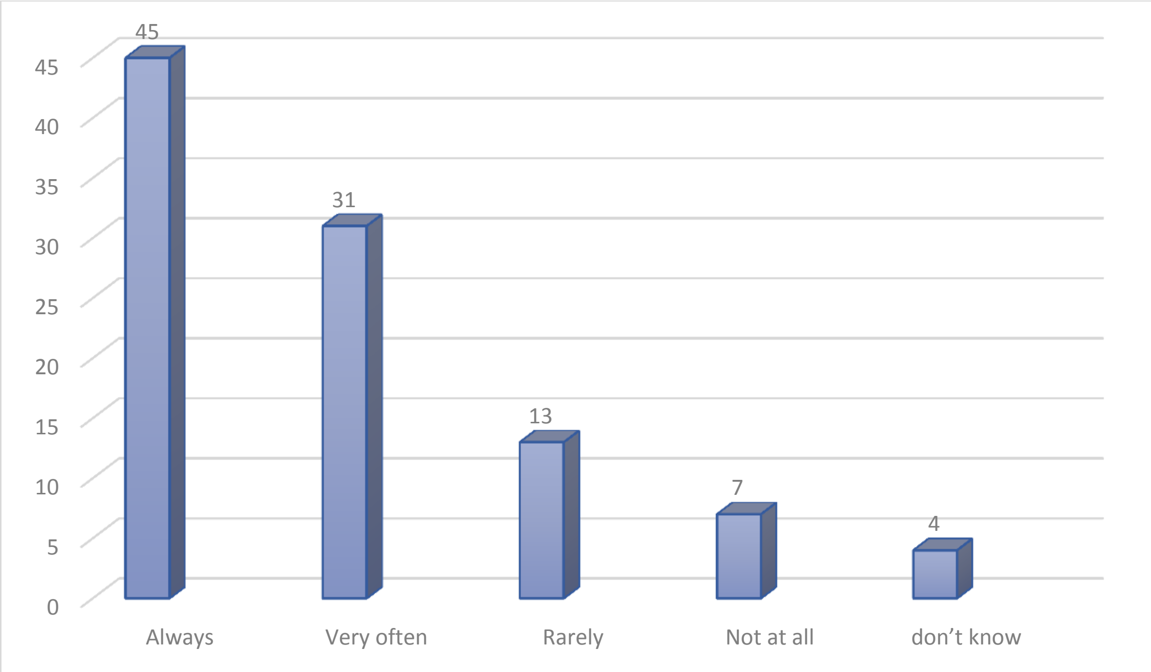
4.1.4.2 Induction lowers errors and improves quality

This was to find out if induction lowers errors and improves quality of work and better customer service in the family business. The findings were presented on table 4.11 and figure 4.11.

Table 4. 11: Induction lowers errors and improves quality

Category	**Frequency**	**Percentage**
Always	35	45
Very often	24	31
Rarely	10	13
Not at all	6	7
Don’t know	3	4
Total	**78**	**100**

Figure 4. 11: Induction lowers errors and improves quality



It was established that induction lowers errors and improves work quality while improving customer service in the family business, according to the data above indicated as 45% always, 31% very often, 13% rarely, 7% not at all and 4% who did not know. The respondents implied that induction to a great extent lowers errors, improves work quality and improved customer service in the business that would have a positive effect towards survival of family business beyond three generations.

4.1.5 Family Governance

4.1.5.1 Family governance cultivates trust.

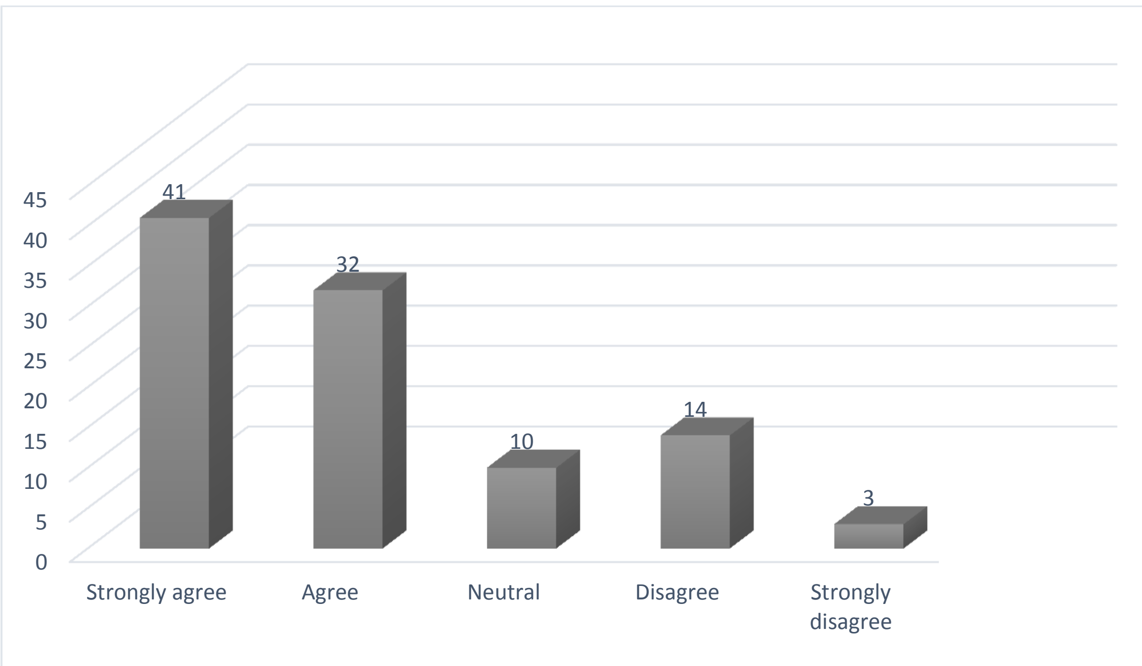
The researcher sought to find out if family governance cultivates trust that strengthens family relationship for business survival. The findings were presented on table 4.12 and figure 4.12.

Table 4. 12: Family governance cultivates trust.

Category	**Frequency**	**Percentage**
Strongly agree	32	41

Agree	25	32
Neutral	8	10
Disagree	11	14
Strongly disagree	2	3
Total	**78**	**100**

Figure 4. 12: Family governance cultivates trust.



The findings indicated that 41% strongly agreed, 32% agreed, 10% neutral, 14% disagreed and 3% strongly disagreed that family governance cultivates trust that strengthens family relationship for business survival. Majority of the respondents agreed that family governance cultivates trust that strengthens family relationships for business survival. This therefore goes to show that governance is a prerequisite for the survival of family business to survive beyond three generations.

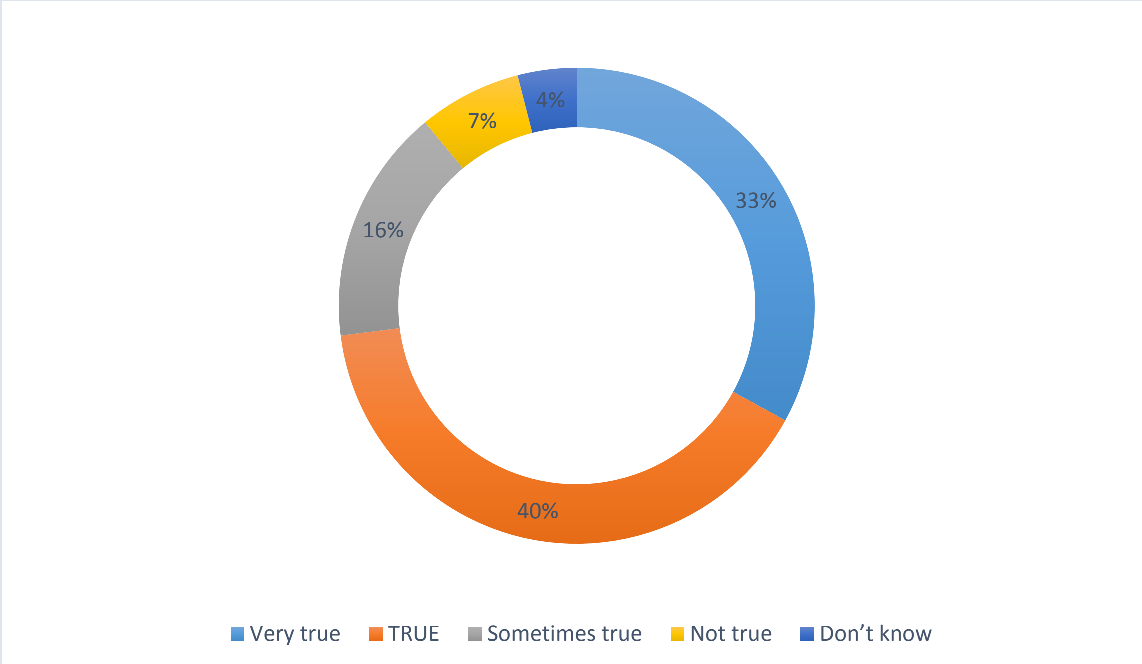
4.1.5.2 Trust in family relationship to blind faith.

The researcher sought to establish if it is true that trust in family relationship can lead to blind faith and complacency that can risk family business. The findings were presented on table 4.13 and figure 4.13.

Table 4. 13: Trust in family relationship to blind faith.

Category	**Frequency**	**Percentage**
Very true	26	33
True	31	40
Sometimes true	12	16
Not true	6	7
Don't know	3	4
Total	**78**	**100**

Figure 4. 13: Trust in family relationship to blind faith.



The study established that trust in family relationships can lead to blind faith and complacency that can risk family business according to 33% of respondents who chose Very True, 40% True, 16% Sometimes True, 7% Not Sure and 4% who did not know. The study presumes that trust can sometimes lead to blind faith and complacency than can risk family business surviving for the next three generations.

4.2 Limitations of the Study

The respondents once in a while demanded for fees in order to provide the statistics required or wouldn't be comfortable. However, the researcher explicitly explained the purpose of the study and the importance of participating in the study without any form of payment or coercion and that their participation was purely voluntary. This led to majority of them participating which met the required threshold for the study.

Some respondents were apprehensive about revealing confidential records regarding their employer and therefore would choose not to answer particular questions that they deemed confidential in nature that required guarding.

4.3 Chapter Summary

The study focused on the findings from the field by presenting data from each variable in different sub-heading to make specific explorations. The data was presented in well labeled tables and graphs from which an interpretation was made and some statements made to clarify the findings for easy analysis in the next chapter.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

The chapter presents the summary, conclusions and recommendations from the findings derived from chapter four. This chapter answers the research questions that the study was premised on.

5.1 Summary of Findings

5.1.1 Background Information

The study established that those who respondents were 93% of the total respondents while 7% did not respond. This was a good rate since it was more than ¾ of the totals respondents sampled for the study. This was adequate to make a conclusion on the study according to Kothari (2010) who postulated 50% and above of the respondents is good for analysis and reporting. It was noted that those respondents of age between 18-23 years were 8%, 24-29 years were 28%, 30-35 years were 20% and then those above 40 years were at 8%. There was fair distribution of age for the study to ensure obtaining the views of each category on the survival of family business beyond three generations. It was established that the female were majority at 60% and men at 40% who participated in the study. This confirmed the study meeting the threshold of the 1/3 gender rule according to the Kenyan constitution 2010 that indicated a fair representation of gender. The results indicated that those respondents with K.C.S.E academic qualifications were at 4%, Certificate course at 10%, Diploma at 35%, undergraduate at 45% and then those with post-graduate at 6%. Majority of the respondents were degree and diploma holders indicating a good understanding of succession planning strategies.

5.1.2 Succession Planning

The results showed that lack of succession planning results to low ability potential of the family members on family business according to 74% while 26% did not agree. The explanation on those majority who agreed to succession planning lowering the low ability potential of family members was that they will not have required knowledge and skills to succeed the business hence risking its survival due to poor management. This indicated that succession planning is necessary to enhance potential of family members in running family business beyond three generations. The results postulated that some family business owners are never ready to effect appropriate plans and therefore this affects succession planning according to 45% who strongly agreed, 27% agreed, 5% neutral, 13% disagreed and then 10% strongly disagreed. This therefore meant that majority of the respondents agreed to business owners not being ready to effect appropriate plans that which affects succession planning. This was an indication that family owners need to effect appropriate plans for succession planning to be effective. It was established that succession planning determines the performance of business and investment of family members according to 27% for yes, 42% sometimes, 8% rarely, 16% for no and then 7% who did not know. The study presumed that succession planning sometimes determines the performance of business and investment of family members in the survival of family business beyond three generations. These findings concur with Longenecker and Schoen (2009) study which suggested that, parent-child succession in the leadership of a family business involves a long-term diachronic process of socialization. In other words, family successors are gradually prepared for leadership through a lifetime of learning experiences; this preparation spans over many years and covers several successive positions, from non- or informal involvement over functional roles of a successor to early and mature succession, when a successor actually takes over the leadership position and is relatively autonomous in that role.

5.1.3 Family Conflict

The findings indicated that 49% were for always, 22% very often, 13% fairly many times, 10% occasionally and 6% did not know if it was true that family business conflict is caused by rampant rivalry and competition among children. The study presumed that family business conflict is always or sometimes very often caused by the rampant rivalry and competition among children that affects the survival of family business beyond three generations. The findings from figure 4.9 indicated that sons become impatient for personal independence and strategic change for the family business, which leads to family conflict to a great extent according to 29%, moderate extent at 38%, less extent at 22%, no extent at 5% and don’t know at 6%. The study indicates that the extent to which sons become impatient for personal independence and strategic change for the family business leading to family conflict was not of much significance though cannot entirely be overlooked. The study done by Kotlar and DeMassis (2013) observed that family members especially children may have divergences in setting goals, especially in cases where inter-family succession is imminent, that may later generate social interaction processes where family members need to bargain towards collective agreements to avoid potential conflicts. This contradicts the findings from the current study that family business conflict is always or sometimes very often caused by the rampant rivalry and competition among children.

5.1.4 Induction

It was noted that induction motivates family business employees, which leads to higher performance according to 77% while 23% rejected the narrative. Those who agreed to induction motivating family business employees for higher performance explained that this reduces errors in their work that cultivates confidence that is important for higher performance. It was established that induction lowers errors and improves work quality and improved customer service in the family business always, according to 45%, very often 31%, rarely 13%, not at all 7% and then 4% did not know. The respondents implied that induction always and sometimes often lowers errors and improves work quality and improved customer service in the business for the survival of family business beyond three generations. The results from the study agree with by Kuntatyonantajat (2011) that a well-organized induction lowers the amount of errors and improve work quality as well as customer satisfaction. In contrast, a poor induction often increases the risk of errors and threatens the quality of the service delivered to a customer. This can lead to reclaims, thus causing immediate costs for the company. Additionally the company's reputation may be damaged, leading to loss customers. The loss of a customer reduces cash flow and harm company reputation that creates difficulties in acquiring new customers. (Kelan and Kuusisto 2013).

5.1.5 Family Governance

The findings indicated that 41% strongly agreed, 32% agreed, 10% neutral, 14% disagreed and 3% strongly disagreed that family governance cultivates trust that strengthens family relationship for business survival. Majority of the respondents agreed to family governance cultivating trust that strengthens family relationship for business survival meaning family governance is a prerequisite for the survival of family business beyond three generations. The study established that it is true that trust in family relationship can lead to blind faith and complacency that can risk family business according to 33%, true at 40%, sometimes true at 16%, not true at 7% and don't know at 4%. The study presumes that trust can sometimes lead to blind faith and complacency than can risk family business surviving for the next three generations. The findings were in agreement with that of Sundaramorthy (2008) which postulated that strong family bonds are characterized as being based on trust, and that families in business are usually depicted as relying on mutual trust in their governance. Sundaramurthy (2008) explained that the reasons for the existence of families in are not purely based on economic considerations but making trust of central importance. Long term family relationships are also believed to breed trust which reduces the amount of monitoring and incentives required to solve agency theory. There is, however, a dark side to trust in family relationships where trust can lead blind faith, amoral ‘familism’ and complacency (Eddleston et al, 2010).

5.2 Recommendations

5.2.1 Succession Planning

Succession planning increases high potential for family members on ensuring family business survival and therefore there is need to establish factors that can lead to lack of succession planning in family business. There is also a need to have proper mechanisms or structure of how this can be implemented. The study also shows the need to explore reasons that lead to family business owners’ reluctance to put in place appropriate strategies for succession planning. Since succession planning has a bearing on the investment and performance of family businesses, it calls for wider exploration to come up with strategies on how to plan and implement succession.

5.2.2 Family Conflict

The study concluded that rampant rivalry and competition among children causes family business conflict though not entirely. There is therefore the need to justify those findings, which have a bearing on the survival of family business beyond three generations, plus other factors that come to play. The aspect of impatience on the part of sons in the family wanting to become independent, desiring to offer strategic change for family business has some considerable bearing on family conflict which consequently affects survival of the family business. It’s therefore important to establish the impact of family conflict on the survival of family business beyond three generations.

5.2.3 Induction

It is necessary to establish the impact of induction has on employee motivation that would lead to higher family business performance as well as look out for dangers of lack of induction to secure the survival of family business beyond three generations. In some cases, Induction may not necessarily lower errors or improve quality of customer service as indicated by the survey of this study. Further investigations therefore need to be conducted to establish why induction does not seem to lessen performance errors as well as improve quality of customer service.

5.2.4 Family Governance

The factors that promote family governance and as a result cultivates trust, thus strengthening family relationships should be explored further and developed in order to uphold the use of the right strategy. There is need to establish the kind of trust that is essential in family relationships that will not lead to complacency thus risking the survival of family business beyond three generations.

5.3 Conclusions

On background information, it was noted that majority of the respondents were between 24-35 years, many of them being female respondents. The dominant academic qualification was diploma holders, who were the majority respondents followed by undergraduate holders while the minority were certificate holders. The background information was necessary to establish the authenticity of the data collected for the study.

It was established that without succession planning, there would be low potential of the family members in ensuring the survival of family business beyond three generations. Family business owners' reluctance to effect appropriate plans affects succession planning which is necessary for survival of family business beyond three generations. It was also confirmed that succession planning determines the investment and performance of family business that is critical for its survival.

On family conflict, it was established that rampant rivalry and competition among children causes family business conflict though not entirely. This means that it is still a factor that may contribute to family conflict but may not have a major impact. The impatience of sons in the family to become independent and desire to offer strategic change for family business may lead to family conflict though to a minimal extent, which consequently has no cause for alarm.

It was confirmed that induction is a necessary tool in motivating family business members as well as the other employees for higher performance owing to the acquisition of basic skills in managing and running the business. Induction also lowers errors and improves quality of customer service in the family business significantly though.

On family governance it was established that family governance cultivates trust that strengthens family relationships for business survival. Trust in family relationships can lead to blind faith and complacency that can pose a risk to the survival of family business beyond three generations.

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APENDIX I: QUESTIONNAIRE

FACTORS AFFECTING THE SURVIVAL OF FAMILY BUSINESS BEYOND THREE GENERATIONS: A CASE STUDY OF LEVIHOUSE CONSTRUCTION AND ENGINEERING LIMITED.

Please tick [√] where appropriate

Section A: Background Information

1. What is your age?

   18- 23 years [ ]

   24-29 years [ ]

   30-35 years [ ]

   35-40 years [ ]

   40 years and above

2. What is your gender?

   Male [ ]

   Female [ ]

3. State your academic qualification

   K.C.S.E [ ]

   Certificate [ ]

   Diploma [ ]

   Undergraduate [ ]

   Post-graduate [ ]

<u>Section B: Succession Planning</u>

4. Does lack of succession planning results in inability or poor potential of the family members to run the family business?

   Yes [ ]

   No [ ]

   Please explain…………………………………………………………………………….

5. Some family business owners are usually unprepared to put in place appropriate plans which in most cases negatively affect succession planning. Do you agree?

   Strongly agree [ ]

Agree [ ]

Neutral [ ]

Disagree [ ]

Strongly disagree [ ]

6. Does succession planning determine the performance of business investment of family members?

Yes [ ]

Sometimes [ ]

Rarely [ ]

No [ ]

Don't know [ ]

Section C: Family Conflicts

7. Do you think that family business conflict is caused by rampant rivalry and competition among children?

Always [ ]

Very often [ ]

Fairly many times [ ]

Occasionally [ ]

Never [ ]

8. Does the authoritarian nature of some family business founders and their unwillingness to share power results into family conflict?

Strongly agree [ ]

Agree [ ]

Neutral [ ]

Disagree [ ]

Strongly disagree [ ]

9. To what extent does the sons being impatient for personal independence and strategic change for family business lead to family conflict?

Great extent [ ]

Moderate extent [ ]

Less extent [ ]

No extent [ ]

Don't know [ ]

Section D: Induction

10. Does induction motivate family business employees to higher performance?

    Yes [ ]

    No [ ]

Please explain. ..…………………………………………………………………………………

11. Induction builds competence on financial literacy, risk management and family enterprises success. Do you agree?

    Strongly agree [ ]

    Agree [ ]

    Neutral [ ]

    Disagree [ ]

    Strongly disagree [ ]

12. Does induction lower errors and improves quality and customer service in the family business?

    Always [ ]

    Very often [ ]

    Rarely [ ]

    Not at all [ ]

    Don't know [ ]

Section E: Family Governance

13. Do you agree that family governance cultivates trust that strengthens family relationship for business survival?

    Strongly agree [ ]

    Agree [ ]

    Neutral [ ]

    Disagree [ ]

    Strongly disagree [ ]

14. Is it true that trust in family relationships can lead to blind faith and complacency that can risk family business?

    Very true [ ]

    True [ ]

    Sometimes true [ ]

    Not true [ ]

    Don’t know [ ]

15. Does bad family governance lead to negative emotions and emptiness that can sink family business?

    Always [ ]

    Most of the time [ ]

    Sometimes [ ]

    Rarely [ ]

    Never [ ]

Thank you for your response